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A	ALTEX INDUSTRIES INC	10Q	06-30-92
B	BUTTON GWINNETT BANCORP INC	10Q	03-31-92
C	COSMETIC CENTER INC	10Q	03-27-92
D	DIRECT PHARMACEUTICAL CORP	10Q	03-31-92
E	ENERGY SYSTEMS INC	10Q	03-31-92
F	EQUUS II INC	10Q	03-31-92
G	EXCEPTIONAL ENTERPRISES INC	10Q	03-31-92
H	SEAWAY FOOD TOWN INC	10Q	05-30-92
I	HARBOR BANCORP	10Q	03-31-92
J	INPUT/OUTPUT INC	10Q	02-29-92
K	NATIONAL INDUSTRIAL SECURITY CORP	10Q	03-31-92
L	OXBORO MEDICAL INTERNATIONAL INC	10Q	03-31-92
M	PANTHEON INDUSTRIES INC	10Q	02-29-92
N	PFIZER INC	10Q	06-28-92
O	PONTE VEDRA BANKING CORP	10Q	03-31-92
P	PSICOR INC	10Q	03-31-92
Q	ROBERTS OIL AND GAS INC	10Q	02-29-92
R	SOUTHERN CO	10Q	06-30-92
S	SOUTHSHORE CORP	10Q	12-31-91
T	TECUMSEH PRODUCTS CO	10Q	03-31-92
U	TETRA TECH INC	10Q	03-31-92
V	WILLAMETTE INDUSTRIES INC	10Q	03-31-92
W	DOLCO PACKAGING CORP	10Q	03-31-92

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

PROCESSED BY
[illegible] 27 1992

Commission file No. 1-9030

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

ALTEX INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

L 3 Q

Delaware (State or other jurisdiction of incorporation or organization)	84-0989164 (I.R.S. Employer Identification No.)
1430 Larimer Street, Suite 201 Denver, Colorado (Address of principal executive offices)	80202 (Zip Code)

Registrant's telephone number, including area code: (303) 534-2667

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days Yes _X_ No ___

Number of shares outstanding of Issuer's Common Stock as of July 23, 1992: 16,355,989.

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INDEX TO EXHIBITS - NONE

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ALTEX INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	June 30, 1992 (Unaudited)	September 30, 1991
Assets		
Current assets:		
Cash and cash equivalents	$ 703,000	844,000
Receivables	198,000	182,000
Investment in put options on crude oil futures	26,000	–
Other	7,000	5,000
Total current assets	934,000	1,031,000
Property and equipment, at cost		
Proved oil and gas properties (successful efforts method)	4,375,000	4,300,000
Unproved mineral properties	1,942,000	1,942,000
Other	209,000	209,000
	6,526,000	6,451,000
Less accumulated depreciation, depletion, amortization, and valuation allowance	(5,873,000)	(5,777,000)
Net property and equipment	653,000	674,000
	$ 1,587,000	1,705,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Current installments of obligations under capital leases	$ –	8,000
Accounts payable	52,000	72,000
Accrued expenses	110,000	160,000
Total current liabilities	162,000	240,000
Obligations under capital leases, excluding current installments	–	19,000
Total liabilities	162,000	259,000
Stockholders' equity:		
Preferred stock, $.01 par value. Authorized 5,000,000 shares, none issued	–	–
Common stock, $.01 par value. Authorized 50,000,000 shares, issued 20,392,625 shares	204,000	196,000
Additional paid-in capital	14,771,000	14,706,000
Accumulated deficit	(12,847,000)	(12,888,000)
Treasury stock, at cost, 4,036,636 shares at June 30, 1992 and 3,435,366 shares at September 30, 1991	(480,000)	(418,000)
Note receivable from stockholder	(223,000)	(150,000)
	1,425,000	1,446,000
	$ 1,587,000	1,705,000

See accompanying notes to consolidated, condensed financial statements.

ALTEX INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30		Nine Months Ended June 30	
	1992	1991	1992	1991
Revenue:				
Oil and gas sales	$ 350,000	244,000	904,000	911,000
Loss from hedging activities	(11,000)	(8,000)	(17,000)	(2,000)
Interest income	11,000	14,000	38,000	47,000
Other income	2,000	24,000	2,000	107,000
	352,000	274,000	927,000	1,063,000
Costs and expenses:				
Lease operating expense	115,000	118,000	394,000	305,000
Production taxes	34,000	33,000	104,000	125,000
Exploration and abandonments	–	–	7,000	3,000
General and administrative	112,000	94,000	267,000	242,000
Interest	6,000	–	9,000	4,000
Depreciation, depletion, and amortization	35,000	45,000	105,000	132,000
	302,000	290,000	886,000	811,000
Earnings (loss) before income taxes	50,000	(16,000)	41,000	252,000
Income tax expense	–	–	–	5,000
Net earnings (loss)	$ 50,000	(16,000)	41,000	247,000
Earnings (loss) per share of common stock	*	*	*	$0.02
Weighted average shares outstanding	16,309,590	16,292,914	15,854,961	16,454,599

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*Amount is less than $.01 per share.

See accompanying notes to consolidated, condensed financial statements.

ALTEX INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended June 30	
	1992	1991
Cash flows from operating activities:		
Net earnings	$ 41,000	247,000
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, depletion, and amortization	105,000	132,000
Gain on sale of assets	–	(1,000)
Decrease (increase) in receivables	(16,000)	62,000
Increase in other current assets	(28,000)	(12,000)
Decrease in accounts payable and accrued expenses	(70,000)	(123,000)
Net cash provided by operating activities	32,000	305,000
Cash flows from investing activities:		
Proceeds from sale of assets	–	1,000
Capital expenditures	(84,000)	(93,000)
Net cash used in investing activities	(84,000)	(92,000)
Cash flows from financing activities:		
Acquisition of treasury stock	(62,000)	(58,000)
Principal payments under capital lease obligations	(27,000)	(6,000)
Net cash used in financing activities	(89,000)	(64,000)
Net increase (decrease) in cash and cash equivalents	(141,000)	149,000
Cash and cash equivalents at beginning of period	844,000	621,000
Cash and cash equivalents at end of period	$ 703,000	770,000

See accompanying notes to consolidated, condensed financial statements.

ALTEX INDUSTRIES, INC. AND SUBSIDIARIES
Notes to Consolidated, Condensed Financial Statements
(Unaudited)

Note 1 - Financial Statements

In the opinion of management, the accompanying unaudited, consolidated, condensed financial statements contain all adjustments necessary to present fairly the financial position of the Company as of June 30, 1992, its cash flows for the nine months ended June 30, 1992, and 1991, and its results of operations for the three and nine months ended June 30, 1992, and 1991. Such adjustments consisted of only normal recurring items.

Certain reclassifications have been made to the financial statements for the three and nine months ended June 30, 1991, to conform with the classifications used in the financial statements for the three and nine months ended June 30, 1992. The results of operations for the periods ended June 30 are not necessarily indicative of the results for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements contained in the Company's 1991 Annual Report on Form 10-K, and it is suggested that these consolidated, condensed financial statements be read in conjunction therewith.

Note 2 - Net Earnings Per Share

Computation of earnings per share is based upon the weighted average number of shares of Common Stock outstanding in the period. Shares issuable upon exercise of stock options are excluded from the computation since the effect is immaterial.

Note 3 - Income Taxes

Because the expected benefits of the utilization of net operating loss carryforwards and investment tax credit carryforwards offset any regular income tax, the income tax expense recorded reflects the Company's estimated alternative minimum tax.

The Financial Accounting Standards Board Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," (SFAS No. 109) requires that deferred income tax balances be adjusted to and maintained at statutory tax rates in effect when the taxes are expected to be paid. Under current accounting requirements, deferred income taxes are recorded at tax rates in effect when the associated timing differences arise. Currently, the Company is required to adopt SFAS No. 109 no later than for the Company's fiscal year ending September 30, 1994. The Company will adopt the provisions of SFAS No. 109 as required and does not anticipate any significant effects on future financial statements as a result of adopting such provisions.

Item 2. Management's Discussion And Analysis Of Financial Condition And Results Of Operations

Liquidity and Capital Resources

Current assets decreased 9% from $1,031,000 at September 30, 1991, to $934,000 at June 30, 1992; current liabilities decreased 33% from $240,000 at September 30, 1991, to $162,000 at June 30, 1992; and the current ratio increased from 4.3 to 1 at September 30, 1991, to 5.8 to 1 at June 30, 1992. The Company has hedged its production through December 1992 by buying put options on crude oil futures. In March 1992 the Company's indirectly wholly-owned subsidiary Altex Minerals, Inc. ("AMI") purchased fractional working interests in 10 wells for $75,000 cash, and in the quarter ended June 30, 1992 ("Q392"), the Company retired all of its obligations under capital leases. Cash provided by operating activities decreased from $305,000 for the nine months ended June 30, 1991, to $32,000 for the nine months ended June 30, 1992, principally because net earnings decreased from $247,000 in the nine months ended June 30, 1991, to $41,000 in the nine months ended June 30, 1992. With the exception of the Company's intention to acquire producing oil and gas properties, and cash flows that may result from such acquisitions, management knows of no trends, demands, commitments, events, or uncertainties that will result in, or are reasonably likely to result in, a material increase or decrease in the Company's liquidity or capital resources. Except for cash generated by the operation of the Company's producing oil and gas properties, asset sales, or interest income, the Company has no unused internal or external sources of liquid assets other than its working capital. At June 30, 1992, the Company had no material commitments for capital expenditures.

Results of Operations

Although average prices increased by 2% from Q391 to Q392, revenue from oil and gas sales increased 43% from $244,000 in Q391 to $350,000 in Q392 because of production increases that resulted from the Company's acquisition of fractional working interests in 10 wells in March 1992 and from various workovers which occurred principally in the six months ended March 31, 1992. Revenue from oil and gas sales decreased 1% from $911,000 in the nine months ended June 30, 1991, to $904,000 in the nine months ended June 30, 1992. This decrease resulted from a 17% decrease in average prices in the nine months ended June 30, 1992, as compared to the prices prevailing in the nine months ended June 30, 1991, which was partially offset by increased production from the Company's acquisition of fractional working interests in 17 wells effective December 31, 1990, and in 10 wells in March 1992, and as a result of the various workovers which occurred in the six months ended March 31, 1992. Other income in Q391 consisted of $24,000 in revenue that had been held in suspense by operators of properties in which the Company's wholly-owned subsidiary, Altex Oil Corporation ("AOC"), owns an interest. Also included in other income for the nine months ended June 30, 1991, is an additional $21,000 in revenue that had been held in suspense by a former operator of a property in which AOC owns an interest as well as $47,000 relating to a liability for which AOC was no longer liable and $12,000 relating to assessments for production taxes and related penalties and interest for which AOC was also no longer liable.

Lease operating expense increased 29% from $305,000 in the nine months ended June 30, 1991, to $394,000 in the nine months ended June 30, 1992, because of unusually high workover expense in the six months ended March 31, 1992. In Q392 the Company paid its President a bonus of approximately $25,000 relating to fiscal 1991. Excluding the bonus, general and administrative expense declined 7% from $94,000 in Q391 to $87,000 in Q392, and remained constant at $242,000 in the nine months ended June 30, 1991 and 1992. The Company recognized $5,000 in interest expense when it retired its obligations under capital leases in Q392. Depreciation, depletion, and amortization expense decreased 22% from $45,000 in Q391 to $35,000 in Q392, and decreased 20% from $132,000 in the nine months ended June 30, 1991, to $105,000 in the nine months ended June 30, 1992, because the Company's basis in its depletable and depreciable assets has been lower in the current fiscal year than in the previous fiscal year, and because the Company has reduced the rate at which its reserves are declining.

Net earnings increased from a net loss of $16,000 in Q391 to net earnings of $50,000 in Q392, and declined from net earnings of $247,000 in the nine months ending June 30, 1991, to net earnings of $41,000 in the nine months ending June 30, 1992. Excluding hedging activity, other income, and the bonus payment to the Company's President in Q392, net earnings declined from $142,000 in the nine months ended June 30, 1991, to $81,000 in the nine months ended June 30, 1992, principally because of unusually high workover expense in the six months ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: July 23, 1992

ALTEX INDUSTRIES, INC.

By: ______________________
Steven H. Cardin
Chief Executive Officer and
Principal Financial Officer

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of
the Securities Exchange Act of 1934

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Microfilmed by
Q-Data Corp. - St. Petersburg, FL

For Quarter Ended March 31, 1992
Commission File Number 33-13714-A

BUTTON GWINNETT BANCORP, INC

(Exact name of registrant as specified in its charter)

GEORGIA	58-1766331
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2230 Scenic Highway
Snellville, Georgia 30278

(Address of principal executive offices)

(404) 978-3242

Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Class	Outstanding at March 31, 1992
Common Stock, $.01 Par Value	587,184

PART 1 - FINANCIAL INFORMATIC

ITEM 1. FINANCIAL STATEMENTS

The following consolidated financial statements are provided for Button Gwinnett Bancorp, Inc. and Subsidiary as required by Item 1.

A. Consolidated Balance Sheets - March 31, 1992 and December 31, 1991.

B. Consolidated Statements of Income - for the Three Months Ended March 31, 1992 and 1991.

C. Consolidated Statements of Cash Flows - for the Three Months Ended March 31, 1992 and 1991.

The consolidated financial statements furnished have not been examined by independent certified public accountants, but reflect, in the opinion of management, all adjustments necessary for a fair presentation of the results of operations for the periods presented.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BUTTON GWINNETT BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
March 31, 1992 and December 31, 1991
(Unaudited)

Assets	March 31, 1992	December 31, 1991
Cash, Due from Banks and Fed Funds Sold	3,350,111	2,764,266
Investments	13,756,991	15,118,362
Loans	29,592,839	28,507,331
Less Allowance for Loan Losses	325,075	323,648
Net Loans	29,267,764	28,183,683
Bank Premises and Equipment, net	2,662,261	2,687,088
Other Real Estate	644,449	703,303
Other Assets	1,087,419	1,040,577
Total Assets	50,768,995	50,497,279
Liabilities and Stockholders' Equity		
Deposits		
Noninterest-bearing Demand	5,133,655	5,238,999
Interest-bearing Demand	15,158,249	14,290,906
Time	23,508,949	22,732,401
Total Deposits	43,800,853	42,262,306
Repurchase Agreement, Fed Funds Purchased	0	1,500,000
Note Payable	1,463,465	1,470,559
Other Liabilities	369,857	197,055
Total Liabilities	45,634,175	45,429,920
Stockholder's Equity		
Preferred Stock, par value $.01; 1,000,000 shares authorized; None issued	0	0
Common Stock, par value $.01; 5,000,000 shares authorized; 587,184 shares issued and outstanding	5,872	5,872
Surplus	5,662,423	5,662,423
Accumulated Deficit	(533,475)	(600,936)
Total Stockholders' Equity	5,134,820	5,067,359
Total Liabilitites and Stockholders	50,768,995	50,497,279

See Management's Discussion and Analysis of Financial Condition and Results of Operations.

BUTTON GWINNETT BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
Three Months Ended March 31, 1992 and 1991
(Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Interest Income		
Interest and Fees on Loans	781,571	701,314
Interest on Other Investments	257,968	136,528
Total Interest Income	1,039,539	837,842
Interest Expense		
Interest on Deposits	508,380	497,957
Interest on Borrowings	33,625	40,460
Total Interest Expense	542,005	538,417
Net Interest Income	497,534	299,425
Provision for Loan Losses	21,000	15,000
Net Interest Income After Provision for Loan Losses	476,534	284,425
Other Operating Income		
Service Charges on Deposit Accounts	43,131	31,587
Other Income	87,989	58,794
Total Other Operating Income	131,120	90,381
Other Operating Expense		
Salaries and Other Employee Benefits	232,644	217,407
Occupancy and Equipment Expense	128,835	121,355
Other Operating Expense	178,714	107,524
Total Other Operating Expense	540,193	446,286
Net Income (Loss)	67,461	(71,480)
Income (Loss) per share of common stock based on average number of shares outstanding during period	0.11	-0.12
Average Shares Outstanding	587,184	586,684

See Management's Discussion and Analysis of Financial Condition and Results of Operations.

BUTTON GWINNETT BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 31, 1992 and 1991
(Unaudited)

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	67,461	(71,480)
Adjustments to reconcile net income (loss) to net cash (used in) operating activities:		
Depreciation	29,213	24,781
Amortization	10,392	7,923
Provision for Loan Losses	21,000	15,000
(Increase) Decrease in Interest Receivable	60,147	(23,322)
Increase (Decrease) in Interest Payable	53,903	(36,966)
(Increase) in Other Real Estate	58,854	(259,859)
Other prepaids, Deferrals and Accruals, Net	(40,482)	(124,052)
Total Adjustments	193,027	(396,495)
Net Cash provided by (used in) operating activities	260,488	(467,975)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Investments	1,361,371	(2,514,795)
(Increase) Decrease in Loans	(1,063,081)	(1,022,910)
Purchase of Property and Equipment	(4,386)	(35,113)
Net Cash provided by (used in) investing activities	293,904	(3,572,818)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Deposits	1,538,547	1,990,393
Decrease From Repurchase Agreement and Federal Funds Purchased	(1,500,000)	0
Increase (Decrease) in Borrowings	(7,094)	(5,621)
Proceeds from Issuance of Common Stock	0	0
Net Cash provided by (used in) financing activities	31,453	1,984,772
Net Increase (Decrease) in Cash and Due from Banks	585,845	(2,056,021)
Cash and Due from Banks at beginning of period	2,764,266	5,299,318
Cash and Due from Banks at end of period	3,350,111	3,243,297
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	488,102	575,383

See Management's Discussion and Analysis of Financial Condition and Results of Operations.

BUTTON GWINNETT BANCORP, INC. AND SUBSIDIARY

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following is a discussion of the Company's financial condition at March 31, 1992 and the results of operations for the three month period ending March 31, 1992, compared to the same period ended March 31, 1991. These comments should be read in conjunction with the Company's unaudited consolidated financial statements.

Financial Condition

Total asset growth for the three month period ending March 31, 1992 was $272,000 or 0.54%. Deposits increased during the same period by $1,539,000 or 3.64%. Net loans during this period increased $1,084,000 or 3.85%.

Liquidity

Liquidity, as of March 31, 1992, and measured by the ratio of net cash and short term investments to deposit liabilities was 7.65%. Management feels that this ratio is adequate to meet the liquidity needs of the Bank.

Capital

The capital of the holding company remains strong and is within the acceptable industry average. As of March 31, 1992, the Company's ratio of primary capital to total consolidated assets stood at 10.75% compared to 10.68% on March 31, 1991.

BUTTON GWINNETT BANCORP, INC. AND SUBSIDIARY

RESULTS OF OPERATIONS
Three Month Period Ended March 31, 1992 and 1991

Net Interest Income

Net interest income increased for the current period ending March 31, 1992 by $199,000 or 66.56% as compared to the same period in 1991. Interest Income increased by $202,000 or 24.11%. Interest Expense for the current period increased $4,000 or 0.74% as compared to the same period in 1991.

Provision for Loan Losses

The loan loss provision was increased for the current period ending March 31, 1992 by $6,000 or 40.00% as compared to the same period in 1991. The loan loss reserve as a percentage of total loans outstanding stood at 1.10% on March 31, 1992 as compared to .97% for March 31, 1991. In management's opinion, the loan loss reserve is adequate for anticipated credit losses.

Other Income

Noninterest income increased for the current period ending March 31, 1992 by $41,000 or 45.55% as compared to the same period in 1991.

Other Expense

Noninterest expense increased for the current period ending March 31, 1992 by $94,000 or 21.08% as compared to the same period in 1991.

Income Tax

No provision for income tax has been recorded through March 31, 1992 because operating loss carryforwards were available to offset a portion of the Company's taxable income.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused the Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: 5/14/92 By:

Dated: 5/14/92 By:
Chris Fluehr, Treasurer

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Item 2. Changes in Securities.

Item 3. Defaults Upon Senior Securities.

Item 4. Submission of Matters to a vote of Security Holders.

Item 5. Other Information.

Items 1, 2, 3, 4 and 5 are inapplicable and are omitted.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

None.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the period covered by this Report.

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

**Quarterly Report Under Section 13 or 15(d) of the
Securities Exchange Act of 1934**

For Quarter Ended: March 27, 1992 **Commission File No.: 0-14756**

The Cosmetic Center, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

52-1266697
(I.R.S. Employer Identification No.)

**8839 Greenwood Place
Savage, Maryland 20763**
(Address of principal executive offices)

(301) 497-6800
(Registrant's telephone number, including area code)

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Q-Data Corp. - St. Petersburg, FL
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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class A Common Stock, par value $.01 per share, outstanding as of April 30, 1992 - 2,651,992 shares

Class B Common Stock, par value $.01 per share, outstanding as of April 30, 1992 - 1,551,992 shares

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THE COSMETIC CENTER, INC.

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PART I

ITEM 1. Financial Statements

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THE COSMETIC CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

ASSETS	March 27, 1992 (unaudited)	September 27, 1991
CURRENT ASSETS:		
Cash	$ 975	$ 771
Accounts receivable, net	1,302	1,068
Inventories	33,878	42,393
Prepaid expenses	339	228
Prepaid income taxes	363	–
Deferred income tax benefit	106	95
Total current assets	36,963	44,555
PROPERTY AND EQUIPMENT:		
Furniture, fixtures and equipment	4,766	4,346
Leasehold improvements	2,438	2,400
Leased property – capitalized	1,124	1,124
	8,328	7,870
Accumulated depreciation and amortization	4,867	4,316
	3,461	3,554
DEPOSITS AND OTHER ASSETS	73	95
DEFERRED INCOME TAX BENEFIT	383	423
TOTAL ASSETS	$ 40,880	$ 48,627

See notes to consolidated financial statements.

THE COSMETIC CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

LIABILITIES AND SHAREHOLDER'S EQUITY	March 27, 1992 (unaudited)	September 27, 1991
CURRENT LIABILITIES:		
Note payable–bank	$ 11,136	$ 14,800
Current portion of obligation under capital leases	145	187
Accounts payable	8,033	13,331
Accrued expenses	3,107	3,008
Income taxes payable	–	127
Total current liabilities	22,421	31,453
OBLIGATION UNDER CAPITAL LEASES	83	146
Total liabilities	22,504	31,599
SHAREHOLDERS' EQUITY:		
Common stock, $.01 par value; authorized 5,000,000 shares; issued and outstanding 3,104,000 shares	–	31
Class A Common stock, $.01 par value; authorized 5,000,000 shares; issued and outstanding 1,551,992 shares	16	–
Class B Common stock, $.01 par value; authorized 5,000,000 shares; issued and outstanding 1,551,992 shares	15	–
Additional paid-in capital	6,963	6,963
Retained earnings	11,382	10,034
Total shareholders' equity	18,376	17,028
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 40,880	$ 48,627

See notes to consolidated financial statements.

THE COSMETIC CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	March 27, 1992	March 29, 1991	March 27, 1992	March 29, 1991
Net sales	$ 21,817	$ 18,194	$ 54,320	$ 45,994
Cost of sales including buying, occupancy and distribution	17,366	14,183	43,190	36,305
Selling, general and administrative expenses	3,971	3,481	8,480	7,231
Total operating expenses	21,337	17,664	51,670	43,536
Income from operations.	480	530	2,650	2,458
Other income, net	68	46	103	98
Interest expense	(178)	(272)	(487)	(568)
Earnings before income taxes.	370	304	2,266	1,988
Income taxes	150	123	918	805
Net earnings	$ 220	$ 181	$ 1,348	$ 1,183
Net earnings per common share. . . .	$ 0.07	$ 0.06	$ 0.43	$ 0.38
Weighted average shares outstanding	3,104,000	3,100,000	3,104,000	3,100,000

See notes to consolidated financial statements.

THE COSMETIC CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(Dollars in thousands)

	Six Months Ended March 27, 1992	 March 29, 1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 1,348	$ 1,183
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Depreciation and amortization	614	717
Gain on sale of equipment	(15)	–
Change in assets and liabilities:		
Accounts receivable, net	(234)	174
Inventories	8,515	(1,971)
Prepaid expenses	(137)	(12)
Prepaid income taxes	(363)	287
Deferred income tax benefit	29	–
Deposits and other assets	21	82
Accounts payable	(5,298)	(2,318)
Accrued expenses	99	(365)
Income taxes currently payable	(127)	283
Net cash provided (used) by operating activities	4,452	(1,940)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(494)	(525)
Proceeds from sale of equipment	15	–
Net cash used by investing activities	(479)	(525)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under line–of–credit agreement	(3,664)	3,061
Repayments of long–term debt	–	(62)
Repayments of capital lease obligations	(105)	(168)
Net cash provided (used) by financing activities	(3,769)	2,831
NET INCREASE IN CASH	204	366
CASH AT BEGINNING OF PERIOD	771	745
CASH AT END OF PERIOD	$ 975	$ 1,111
SUPPLEMENTAL INFORMATION:		
Cash payments for interest	$ 520	$ 560
Cash payments for income taxes	1,378	235

See notes to consolidated financial statements.

THE COSMETIC CENTER, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS ENDED
MARCH 27, 1992 AND MARCH 29, 1991

(Unaudited)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements contained herein should be read in conjunction with the consolidated financial statements of The Cosmetic Center, Inc., (the "Company") for the year ended September 27, 1991.

The accompanying consolidated financial statements are unaudited, but include all adjustments (consisting only of normal recurring adjustments) which management considers necessary for a fair presentation at March 27, 1992 and March 29, 1991 and for the three and six month periods then ended. The accounting policies applied in the consolidated financial statements are consistent with the accounting policies applied in the consolidated financial statements of the Company for the year ended September 27, 1991.

The results for the three and six month periods ended March 27, 1992 and March 29, 1991 are not necessarily indicative of results expected for the entire year.

Merchandise Inventories

The Company's inventories, consisting primarily of cosmetic, fragrance, beauty aid, and related items, are valued at the lower of cost or market. Cost is determined using the weighted average cost method.

Rental Expenses

Certain store leases provide for minimum rentals plus additional rentals computed as a percentage of sales in excess of amounts specified in the lease as minimum rentals. The Company accrues percentage rent expense during interim periods based on actual sales in excess of the prorated annual amounts specified in the related lease.

NOTE 2 SUBSEQUENT EVENT

On April 24, 1992, the Company sold 1,100,000 shares of Class A Common Stock pursuant to its public offering. The offering produced net proceeds of $14,322,000 before deducting estimated expenses of $215,000. Pursuant to the underwriting agreement, the underwriters have a thirty day option from April 16, 1992 to buy an additional 165,000 shares of Class A Common Stock at $14.00 per share.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

The Company's working capital was $14,542,000 at March 27, 1992 compared to $13,102,000 at September 27, 1991. The ratio of current assets to current liabilities was 1.6 at March 27, 1992 compared to 1.4 at September 27, 1991.

The Company has an unsecured credit facility (the "Facility") with a bank for maximum borrowing of $15,000,000. The Facility, which expires on January 31, 1993, is subject to repayment on demand and bears interest at an annual rate equal to one-quarter of one percent (1/4 of 1%) below the bank's prime rate, payable monthly. The facility requires compliance with certain restrictive covenants including maintenance of minimum tangible net worth.

At March 27, 1992, the outstanding balance under the Facility was $11,136,000. The $3,664,000 decrease in the Facility and most of the $5,298,000 decrease in accounts payable from September 27, 1991 resulted from the decrease in inventory of $8,515,000 due to seasonality and volume of sales during the first quarter of fiscal year 1992.

The Company's future capital needs primarily result from its plan to open additional new stores. The Company's estimated cost of opening a new store is approximately $705,000, including $550,000 for initial inventory and $155,000 for leasehold improvements, furnishings and fixtures, point-of-sale equipment, and other items. The Company has entered into leases for two additional new stores to be opened in the spring of 1992 and plans to open nine to eighteen stores during the next eighteen months. In addition, the company expects to spend approximately $1,300,000 for the acquisition and installation of an enhanced electronic point-of-sale system in all of its stores, although the Company may choose to lease such system.

On April 24, 1992, the Company sold 1,100,000 shares of Class A Common Stock pursuant to its public offering. The offering produced net proceeds of $14,322,000, before deducting estimated expenses of $215,000. Approximately $11,400,000 of the net proceeds were used to pay the outstanding balance on the Facility. The Company believes that the remaining proceeds of the offering, funds available from the Facility and internally generated funds will provide sufficient capital to meet the company's needs for the foreseeable future.

Results of Operations

Consolidated net sales for the six months ended March 27, 1992 were $54,320,000, an increase of $8,326,000, or 18.1%, from the $45,994,000 in consolidated net sales for the six months ended March 29, 1991. Consolidated net sales for the three months ended March 27, 1992 were $21,817,000, an increase of $3,623,000, or 19.9%, from the $18,194,000 in consolidated net sales for the three months ended March 29, 1991.

Retail sales for the six months ended March 27, 1992 were $51,148,000, an increase of $8,153,000, or 19.0%, from the $42,995,000 in sales for the six months ended March 29, 1991. Comparable store retail sales for the period increased by $5,176,000, or 12.1%. Retail sales for the three months ended March 27, 1992 were $20,479,000, an increase of $3,455,000, or 20.3%, from the $17,024,000 in sales for the three months ended March 29, 1991. Comparable store retail sales for the period increased by $2,326,000, or 13.7%. The increase in retail sales is attributable to growth in comparable store sales and the opening of three new stores in the first quarter of the fiscal year. The Company operated 37 stores at March 27, 1992 and 34 stores at March 29, 1991.

Wholesale sales for the six months ended March 27, 1992 were $3,172,000, an increase of $173,000, or 5.8%, from the $2,999,000 in sales for the six months ended March 29, 1991. Wholesale sales for the three months ended March 27, 1992 were $1,338,000, an increase of $168,000, or 14.4%, from the $1,170,000 in sales for the three months ended March 29, 1991. The Company is emphasizing improved customer service and value as key elements in its efforts to stabilize wholesale sales. The wholesale division's operations continue to generate operating profits.

Cost of sales, including buying, occupancy and distribution expenses, was $43,190,000 (79.5% of sales) for the six months ended March 27, 1992 versus $36,305,000 (78.9% of sales) for the six months ended March 29, 1991. Cost of sales, including buying, occupancy and distribution expenses, was $17,366,000 (79.6% of sales) for the three months ended March 27, 1992 versus $14,183,000 (78.0% of sales) for the three months ended March 29, 1991. The dollar increase is primarily attributable to cost of sales and occupancy costs associated with new stores opened during the period and increased comparable store sales volume. Cost of sales as a percentage of sales increased slightly as a result of increased sales of promotionally priced merchandise.

Selling, general and administrative expenses were $8,480,000 (15.6% of sales) for the six months ended March 27, 1992 versus $7,231,000 (15.7% of sales) for the six months ended March 29, 1991. Selling, general and administrative expenses were $3,971,000 (18.2% of sales) for the three months ended March 27, 1992 versus $3,481,000 (19.1% of sales) for the three months ended March 29, 1991. The dollar increase is primarily attributable to increased advertising expenditures, expenses associated with the three new stores opened in the first fiscal quarter, general payroll increases and to a lesser extent by expenses associated with five stores that were not in operation for the full period last year.

Interest expense was $487,000 (0.9% of sales) for the six months ended March 27, 1992 versus $568,000 (1.2% of sales) for the six months ended March 29, 1991. Interest expense was $178,000 (0.8% of sales) for the three months ended March 27, 1992 versus $272,000 (1.5% of sales) for the three months ended March 29, 1991. The decrease in interest expense is due to a decrease in interest rates during the six months and a decrease in the average borrowing during the quarter ended March 27, 1992.

PART II

ITEM 2. CHANGES IN SECURITIES

Reference is made to the Company's proxy statement dated February 21, 1992 pursuant to which the terms of the Company's Class A Common Shares and Class B Common Shares have been previously reported.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of Stockholders held on March 13, 1992, the stockholders voted on and approved the following proposals:

1) To amend the Company's Certificate of Incorporation to (a) classify the Board of Directors into three classes of directors with staggered terms of office and (b) require an 80% stockholder vote to alter, amend or repeal the foregoing amendment.

AFFIRMATIVE 2,078,970 NEGATIVE 233,523 ABSTAINED 273,804

2) To amend the Company's Certificate of Incorporation to (a) authorize a new class of non-voting Common Shares, designated as Class A Common Shares, (b) increase the number of authorized Common Shares of the Company from 5,000,000 to 10,000,000, consisting of 5,000,000 Class A Common Shares and 5,000,000 Class B Common Shares, (c) establish the terms of the two classes and (d) reclassify each outstanding Common Share of the Company into one-half Class A Common Share and one-half Class B Common Share.

AFFIRMATIVE 2,196,241 NEGATIVE 239,123 ABSTAINED 150,933

3) To amend the Company's 1991 Stock Option Plan.

AFFIRMATIVE 2,364,914 NEGATIVE 112,953 ABSTAINED 108,430

ITEM 6. (A) Exhibits

None

(B) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE COSMETIC CENTER, INC.
(Registrant)

Date: 5·5-92

By
BEN S. KOVALSKY
President and Chief Operating Officer

Date: 5-5-92

By
BRUCE E. STROHL
Vice President – Finance
and Chief Financial Officer

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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(Mark one):
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 1992

OR

[____] TRANSITIONAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-15321

Direct Pharmaceutical Corporation
Exact name of registrant as specified in its charter)

Delaware	74-2323010
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7701 Forsyth, Suite 650, St. Louis, Missouri 63105
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (314) - 726-7997

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of March 31, 1992. 11,011,057

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements of the Registrant for the quarter ended March 31, 1992, filed as part of this Form 10-Q are included as an exhibit to this Form 10-Q in Part II, Item 6.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

Material Changes in Financial Condition

On January 10, 1992, Direct Pharmaceutical Corporation (the "Company") sold certain assets of its Mail Order Pharmaceutical business ("Mailscripts"), which constituted its remaining ongoing operation. This business will be reflected as continuing operations in the financial information presented herein.

On January 10, 1992, the Company sold certain assets and Allscrips Pharmaceuticals, Inc. ("Allscrips") assumed certain liabilities of Mailscripts, in exchange for 800,000 shares of Allscrips restricted common stock, representing approximately 5.7% ownership of the outstanding common shares of Allscrips, and a $200,000, subordinated, non-interest bearing promissory note. Although there is no readily ascertainable market value for the Allscrips restricted common stock, management has determined a value for this stock based on recent transactions with shareholders. Based on this value, management estimates that the realizability of the net assets sold is reasonably assured.

With the completion of the sale to Allscrips, a significant portion of the Company's assets are in Allscrips restricted common stock. Allscrips is majority owned by Allstate Insurance Company ("Allstate") and is privately held. Allscrips has recently filed a Form S-1 with the Securities and Exchange Commission (the "SEC") to register 3,162,500 shares of common stock. The anticipated initial public offering price is significantly greater than the value assigned to the shares held by the Company. The Form S-1 is not effective as of this writing. Upon completion of the offering, the Company will own approximately 4.7% of the outstanding common shares of Allscrips. Allstate will continue to be the majority owner of Allscrips.

On March 16, 1990, the Company entered an agreement with Scott Equities, Ltd., an affiliate of Scott Capital Corporation (collectively referred to herein as "Scott"), which provided that Scott would issue a $500,000 letter of credit in favor of Bailey Drug Company, a division of Cardinal Health, Inc. ("Bailey") to collateralize inventory purchases by Mailscripts. As part of this agreement, the Company signed a standby demand note of a like amount, bearing interest at the rate of 17% per annum, to be effective in the event the letter of credit is taken down by Bailey. The Company also issued warrants to Scott for the purchase of 250,000 shares of the Company's stock at $3.00 per share of which none have been exercised. The letter of credit was called in December of fiscal 1990. The note was paid on January 10, 1992, in connection with the sale of certain assets of the Company's Mailscripts business described previously in this section.

The Company has used the note proceeds from the Mailscripts sale and the cash proceeds contained in the Doctors' Pharmacy, Inc. escrow account, established as a result of the sale of certain assets of the Company's Doctors' Pharmacy, Inc. subsidiary in February, 1991, to satisfy the claims of certain of the Company's secured creditors. The Company expects to continue settlement negotiations with remaining creditors using a certain amount of the remaining proceeds from the Mailscripts sale to satisfy the creditor claims.

In December, 1989, the Company established a $1,500,000 revolving line of credit with a bank. As partial security for the line of credit, Messrs. Arvin Gottlieb and Fred Stuckey provided a $1,000,000 letter of credit to the bank. In May, 1990, the bank elected not to renew the revolving line of credit and the letter of credit was converted to a term note with a interest rate of 10%. Approximately $819,361 of the balance due was paid in December, 1991, and the remaining balance due was paid in January, 1992.

As part of its acquisition of Taykel in January, 1990, the Company assumed a $300,000, unsecured 10% note payable, which was due in October, 1990. As a result of the sale of certain assets of the Company's Mailscripts subsidiary, described above, this note was paid in January, 1992.

RESULTS OF OPERATIONS

On January 10, 1992, the Company sold certain assets of its Mail Order Pharmaceutical segment, which constituted its remaining ongoing operation. Accordingly, discussion of results on a fiscal year-to-date and quarter-to-quarter basis is not meaningful.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is a party to various claims and litigation arising out of the ordinary course of business. Management believes the amounts provided for such claims and litigation are adequate and the ultimate resolution of such items will not be material to the financial position of the Company.

Additionally, various trade vendors of the Company and its subsidiaries have filed suit to recover amounts due them for inventory purchased by the Company's various operations. The Company has reached settlement agreements with all but one of the vendors. The Company is continuing negotiations with the remaining vendor and expects to reach an agreement within the near future. The proceeds from the sale of the Company's Mail Order Pharmaceuticals business will be used to pay the settlement agreements.

Item 2. Change in Securities

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 3. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

Exhibits

(a) Financial Information

Consolidated Balance Sheet as of March 31, 1992, and September 30, 1991	F-1
Consolidated Statement of Operations for the six months ended March 31, 1992 and 1991, and the three months ended March 31, 1992 and 1991	F-3
Consolidated Statement of Cash Flows for the six months ended March 31, 1992 and 1991	F-4
Footnotes to Consolidated Financial Information	F-6

(b) Reports of Form 8-K

Date	Item Report
None	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Direct Pharmaceutical Corporation
Registrant

Date: May 2, 1992

By: Glenn P. Merritts
Glenn P. Merritts
Executive Vice President and
Chief Financial Officer

DIRECT PHARMACEUTICAL CORPORATION

Consolidated Financial Information
(Unaudited)

DIRECT PHARMACEUTICAL CORPORATION

Consolidated Balance Sheet

March 31, 1992 and September 30, 1991
(Unaudited)

Assets	3/31/92	9/30/91 (audited)
Current assets:		
Cash	$ 151,629	$ 153,156
Cash held in escrow	-	260,409
Total cash	151,629	413,565
Notes receivable	19,530	200,000
Trade accounts receivable, less allowance for uncollectible accounts of $49,535 for 1991	-	1,090,057
Inventories	-	257,278
Total current assets	171,159	1,960,900
Property and equipment	28,060	176,429
Less accumulated depreciation	18,273	88,578
Net property and equipment	9,787	87,851
Goodwill, net of accumulated amortization of $369,856 in 1991	-	5,141,645
Investment in Allscrips Pharmaceuticals	4,000,000	400,000
Other assets	117,773	123,705
	$4,298,719	$7,714,101

See accompanying notes to consolidated financial information.

DIRECT PHARMACEUTICAL CORPORATION

Consolidated Balance Sheet

March 31, 1992 and September 30, 1991
(Unaudited)

Liabilities and Stockholders Equity (Deficit)	3/31/92	9/30/91 (audited)
Current liabilities:		
Notes payable	$3,844,631	$3,846,356
Current maturities of capital lease obligations	5,911	18,917
Accounts payable, trade	455,654	3,074,645
Due to affiliates	-	73,443
Deferred gain	-	289,017
Accrued liabilities	1,288,739	1,249,153
Total current liabilities	5,594,935	8,551,531
Deferred gain	100,000	100,000
Other liabilities	55,000	72,291
Total liabilities	5,749,935	8,723,822
Stockholders' equity:		
Preferred stock, 5,000,000 shares authorized, none issued and outstanding.		
Common stock, $.04 par value, 30,000,000 shares authorized, 11,011,177 shares issued and outstanding in 1992 and 1991.	440,447	440,447
Additional paid-in capital	8,175,550	8,175,550
Retained deficit	(9,867,213)	(9,425,718)
	(1,251,216)	(809,721)
Less Treasury stock subscribed, 142,857 shares	200,000	200,000
Total stockholders' equity (deficit)	(1,451,216)	(1,009,721)
	$ 4,298,719	$7,714,101

See accompanying notes to consolidated financial information.

DIRECT PHARMACEUTICAL CORPORATION

Consolidated Statement of Operations
(Unaudited)

	Three Months Ended		Six Months Ended	
	3/31/92	3/31/91	3/31/92	3/31/91
Net sales	$ -	$2,466,912	$3,376,879	$4,821,918
Cost of sales	-	2,211,362	3,148,582	4,186,021
Gross Profit	-	255,550	228,297	635,897
Selling, general and administrative expenses	459,108	389,647	899,103	802,573
Operating profit	(459,108)	(134,097)	(670,806)	(166,676)
Other income (expense):				
Interest income	2,966	2,432	12,552	9,932
Interest expense	(75,631)	(83,184)	(207,570)	(142,971)
Gain of sale of assets	422,146	-	422,146	-
Other	(1,441)	1,633	2,181	1,680
	348,040	(79,119)	229,309	(131,359)
Income from continuing operations	(111,068)	(213,216)	(441,497)	(298,035)
Income from discontinued operations	-	(373,837)	-	(448,231)
Net income	$ (111,068)	$ (587,053)	$(441,497)	$(746,266)
Net income (loss) per share:				
Continuing operations	$(0.010)	$(0.019)	$(0.040)	$(0.026)
Discontinued operations	0.000	(0.034)	0.000	(0.041)
	$(0.010)	$(0.053)	$(0.040)	$(0.067)

See accompanying notes to consolidated financial information.

DIRECT PHARMACEUTICAL CORPORATION

Consolidated Statement of Cash Flows

Six Months ended March 31, 1992 and 1991
(Unaudited)

	1992	1991
Cash flows from operating activities:		
Net income (loss)	$(441,497)	$(746,266)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	75,613	123,483
Compensation expense for warrants issued	33,188	33,118
(Gain) on sale of assets	(422,146)	-
Change in assets and liabilities:		
Decrease in notes receivable	180,470	-
(Increase) in accounts receivable	-	(111,207)
Decrease in due from affiliates	-	1,737
(Increase) decrease in inventories *	257,278	(131,357)
Decrease in prepaid expenses	-	12,121
Decrease in other assets	5,932	314,390
Increase (decrease) in accounts payable	(627,088)	529,285
(Decrease) in other liabilities	(478,434)	(10,073)
Net cash provided (used) by operating activities	(1,416,684)	15,231
Cash flows from investing activities:		
Proceeds from sale of Mailscripts' assets	485,628	-
Proceeds from sale of intangibles	1,562,126	-
Net cash provided by investing activities	2,047,754	-
Cash flows from financing activities:		
Decrease in capital lease obligations	(13,006)	(14,991)
Repayments of short-term debt	(880,000)	-
Net cash used in financing activities	(893,006)	(14,991)
Net increase (decrease) in cash and cash equivalent	(261,936)	240
Cash and cash equivalents at beginning of period	413,565	659
Cash and cash equivalents at end of period	$ 151,629	$ 899

See accompanying notes to consolidated financial information.

Continued form previous page

Supplemental disclosure of cash flow information:

Cash paid for interest	$ 188,384	$ 12,762
Common stock of Allscrips Pharmaceuticals, Inc. received as partial compensation on sale of Mailscripts, Inc. assets	$3,600,000	$ -
Common stock of Allscrips Pharmaceuticals, Inc. received as partial compensation on sale of Doctors' Pharmacy, Inc. assets	$ -	$ 400,000
Notes receivable issued as partial compensation from sale of Doctor's Pharmacy, Inc. assets	$ -	$ 375,000
Note Payable issued to retire accounts payable	$1,649,107	$ 500,000

See accompanying notes to consolidated financial information.

DIRECT PHARMACEUTICAL CORPORATION

Notes to Consolidated Financial Information

These financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the periods then ended.

Reference is hereby made to the notes to financial statements contained in the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1991, in addition to the following footnotes.

(1) Sale of Certain Assets of Mailscripts, Inc.

On July 1, 1991, Direct Pharmaceutical Corporation (the "Company") signed a management agreement with Allscrips Pharmaceuticals, Inc. ("Allscrips") providing that Allscrips would manage the Mailscripts, Inc. ("Mailscripts") facility in Columbus, Ohio, in exchange for a fee equal to fifty percent (50%) of all revenues generated by the business of Mailscripts during the management period in excess of the operating costs incurred during the management period. Also, during this management period, the Company received reimbursement for certain administrative costs incurred on behalf of the Mailscripts business subject to the lesser of a predetermined formula or the excess of revenues generated by Mailscripts during the management period over the operating costs incurred during the same period, providing the business generated positive revenues. The management agreement was terminated with the sale of certain assets of the Company's Mailscripts business to Allscrips, described below. All amounts due under the management agreement are being settled as part of the sale.

On January 10, 1992, the Company sold certain assets and Allscrips assumed certain liabilities of Mailscripts in exchange for 800,000 shares of Allscrips restricted common stock and a $200,000 subordinated, non-interest bearing promissory note. Although there is no readily ascertainable market value for the Allscrips restricted common stock, management has determined a value for this stock based on recent transactions with shareholders. Based on this value, management estimates that the realizability of the net assets sold is reasonably assured.

The Company has realized a net gain of $133,129 on this transaction.

The Company has used the note proceeds from the Mailscripts sale and the cash proceeds contained in the Doctors' Pharmacy, Inc. escrow account described in Note 2, to satisfy the claims of certain of the Company's secured creditors. The Company expects to continue settlement negotiations with remaining creditors using a certain amount of the remaining proceeds from the Mailscripts sale to satisfy the creditor claims.

As a result of the sale of Mailscripts business, the Company no longer has any ongoing operations. The Company intends to continue with the sales and marketing development of pharmaceutical managed care programs and drug card programs and developing new mail service customers on a commission basis.

(2) Sale of Certain Assets of Doctors' Pharmacy, Inc.

On February 5, 1991, the Company sold certain assets, which substantially represented the business of its Doctors' Pharmacy, Inc. subsidiary, to Allscrips. The consideration received was in the form of 88,889 shares of Allscrips' Series D Senior Convertible Preferred Stock with a liquidation value of $4.50 per share, paid at closing; $100,000 in cash payable 30 days from the closing date and $100,000 in cash payable 365 days from closing subject to a possible downward adjustment based on a formula if Allscrips fails to average 70,000 unit sales per month on the purchased business over the next 12 month period. The adjustment, based on average unit sales per month, was approximately $14,951, which was deducted from the last payment due under the agreement. The Company also received a credit facility from Allscrips covering pharmaceutical purchases of up to $800,000 by Mailscripts for a period of 12 months. The term of the credit facility was renewed on a month-to-month basis through informal agreements between the Company's management and Allscrips' management. The credit facility was terminated in January, 1992, with the sale of certain assets of the Company's Mailscripts business (see Note 1).

The credit facility was collateralized by the 88,889 shares of Allscrips' Series D Senior Convertible Preferred Stock, any amounts which were due the Company from Allscrips including payments under the sales agreement, the two year consulting agreement described in the paragraph following and any intercompany accounts receivable generated between Mailscripts, Inc. and Doctors' Pharmacy, Inc. All proceeds were placed in escrow as security for the credit facility. The escrow account was released upon completion of the sale of certain assets of the Company's Mail Order Pharmacy business on January 10, 1992 (see Note 1). These proceeds were then used to pay certain creditor claims against the Company and its subsidiaries.

Additionally and simultaneously with the closing on the sale of the Doctors' Pharmacy, Inc. business, the Company entered a two year consulting agreement with Allscrips ancillary to the previously described agreement, which provided that the Company would provide customer support, computer support, training and accounts receivable collection activities on an "as required basis" to Allscrips. As consideration for entering this agreement, the Company was to receive $100,000 on the 105th day after closing less an amount equal to one-half of the uncollected accounts receivable less than 90 days old in existence at closing; $75,000 on the 120th day after closing less an amount by which one-half of the uncollected accounts receivable less than 90 days old in existence at closing in excess of $100,000; and $100,000 on the 365th day after closing subject to a possible downward adjustment based on a formula if Allscrips failed to average 70,000 unit sales per month on the purchased business over the next 12 month period. The adjustment herein was included in the aforementioned $14,951 adjustment. The escrow account was released upon completion of the sale of certain assets of the Company's Mail Order Pharmacy business on January 10, 1992 (see Note 1). These proceeds were then used to pay certain creditor claims against the Company and its subsidiaries.

The Company has realized a gain of $467,535, on the sale of certain of the assets of the Doctors' Pharmacy, Inc. business. In conjunction with this sale, management identified fixed assets with a net book value of $178,518 associated with Doctors' Pharmacy business to be written off. Management elected to defer the portion of the gain in excess of this fixed asset write off until such time as the escrow account described earlier was released, resulting in a net deferred gain of $289,017. This release occurred on January 10, 1992, upon the sale of certain assets of the Company's Mailscripts subsidiary (see Note 1).

The proceeds from this transaction are reflected on the fiscal 1991 consolidated balance sheet and the remaining amounts after settlement with certain creditors, as described previously, are reflected on the March 31, 1992 consolidated balance sheet as:

	3/31/92	9/30/91
Cash held in escrow	$ -	$260,409
Notes receivable	19,530	200,000
Investment in Allscrips Pharmaceuticals, Inc.	400,000	400,000
	$419,530	$860,409

The note receivable at March 31, 1992, represents residual balances due pending final reconciliation of the various inventory transactions between the Company and Allscrips.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OR THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

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Commission File No. 0-18452

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ENERGY SYSTEMS, INC.
(Exact name of Registrant as specified in its charter)

NEVADA
(State or other jurisdiction of incorporation or organization)

87-0394314
(I.R.S. Employer Identification Number)

3760 SOUTH HIGHLAND DRIVE, SUITE 300
SALT LAKE CITY, UTAH
(Address of principal executive offices)

84106
(Zip Code)

Registrant's telephone number, including area code (801) 272-9283

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding as of May 11, 1992
$.001 PAR VALUE CLASS A COMMON STOCK	1,000,000 SHARES

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ENERGY SYSTEMS, INC.
(A Development Stage Company)

Balance Sheet
As of March 31, 1992 and December 31, 1991

ASSETS

	March 31, 1992 (Unaudited)	Dec. 31, 1991 (Audited)
CURRENT ASSETS		
Cash in Bank	$ 0	$ 0
Total Current Assets	0	0
OTHER ASSETS		
Organization Costs (Note 1)	18	20
Total Other Assets	18	20
TOTAL ASSETS	$ 18	$ 20

LIABILITIES & STOCKHOLDER'S EQUITY

	March 31, 1992 (Unaudited)	Dec. 31, 1991 (Audited)
LIABILITIES		
Accounts Payable	$ 0	$ 0
Total Liabilities	0	0
STOCKHOLDERS' EQUITY		
Common Stock 50,000,000 shares authorized, at $0.001 par value; 1,000,000 shares issued and outstanding	1,000	1,000
Capital in excess of par value	1,000	1,000
Deficit accumulated during the development stage	(1,982)	(1,980)
Total Stockholders' Equity	18	20
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 18	$ 20

The accompanying notes are an integral part of this statement

ENERGY SYSTEMS, INC.
(A Development Stage Company)

Statement of Operations
(Unaudited)

	For Three Months Ended March 31, 1992	For Three Months Ended March 31, 1991
REVENUES	$ 0	$ 0
EXPENSES		
Amortization of organization costs	2	2
NET DEFICIT CURRENT PERIOD	$ 0	$ 0
ACCUMULATED DEFICIT DURING DEVELOPMENT	$(1,982)	$(1,972)
DEFICIT PER SHARE	$ (.00)	$ (.00)

The accompanying notes are an integral part
of this statement

ENERGY SYSTEMS, INC.
(A Development Stage Company)

Statement of Cash Flows
(Unaudited)

	For Three Months Ended March 31, 1992	For Three Months Ended March 31, 1991
Increase (Decrease) in cash:		
Cash Flows from operation activities		
Net (Loss) from operations	$ (2)	$ (2)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	2	2
Total adjustments	2	2
Net cash used in operating activities	0	0
Cash flows from financing activities		
Proceeds from capitalization	0	0
Net cash provided from financing activities	0	0
Net decrease in cash	0	0
Cash balance March 31, 1991	0	$ 0
Cash balance March 31, 1992	$ 0	

The accompanying notes are an integral part
of this statement

ENERGY SYSTEMS, INC.
(A Development Stage Company)

Notes to Financial Statements

Note 1 - Summary of Significant Account Policies

Accounting Methods

The Company recognizes income and expenses based on the accrual method of accounting.

Organization Costs

The Company amortizes its organization cost over a five year period.

Dividend Policy

The Company has not yet adopted any policy regarding payment of dividends.

Income Taxes

The Company records the income tax effect of transactions in the same year that the transactions enter into the determination of income, regardless of when the transactions are recognized for tax purposes. Tax credits are recorded in the year realized. Since the Company has not yet realized income as of the date of this report, no provision for Federal and State taxes has been made.

Note 2 - Development Stage Company

The Company was incorporated under the laws of the State of Nevada on May 4, 1988. The Company has been in the development state since incorporation. The Company intends to acquire interests in various business opportunities which, in the opinion of management, will provide a profit to the Company. The Company has no operations nor planned products or services. Additional external financing may be required to proceed with any business plan which may be developed by the Company.

Note 3 - Purchase of Stock by Officers and Directors

On May 4, 1988 the Company sold 1,000,000 shares of its common stock to Capital General Corporation for $2,000 cash for an average consideration of $0.002 per share. The Company's authorized stock includes 50,000,000 shares of common stock at $.001 par value.

Note 4 - Related Party Transactions

The Company neither owns nor leases any real property. Office services are provided, without charge, by Capital General Corporation. Such costs are immaterial to the financial statements and, accordingly, have not been reflected herein.

The officers and directors of the Company are involved in other business activities and may, in the future, become involved in other business ventures which also seek available business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interests. The Company has formulated no policy for the resolution of such conflicts.

Note 5 - Earnings (Loss) Per Share

Earnings (loss) per share amounts are computed based on the weighted average number of shares actually outstanding of 1,000,000 for 1992 and 1991.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

The Registrant has been in existence since May 4, 1988. It has no operational history and has yet to engage in business of any kind. All risks inherent in a new and inexperienced enterprise are inherent in the Registrant's business. The Registrant has not made a formal study of the economic potential of any business. The Registrant has no assets or business opportunities presently contemplated for acquisition.

The Registrant has no liquidity and no presently available capital resources, such as credit lines, guarantees, etc. and should a merger or acquisition prove unsuccessful, it is possible that the Registrant may be dissolved by the State of Nevada for failing to file reports or liquidated by present management.

Based on current economic and regulatory conditions, Management believes that it is possible, if not probable, for a company like the Registrant, without assets or liabilities, to negotiate a merger or acquisition with a viable private company. The opportunity arises principally because of the high legal and accounting fees and the length of time associated with the registration process of "going public". However, should any of these conditions change, it is very possible that there would be little or no economic value for anyone taking over control of the Registrant.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENERGY SYSTEMS, INC.

Dated: May 11, 1992

Krista Castleton, President and Director

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FORM 10-Q

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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(Mark One)

[X] QUARTERLY REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to ____________________

For the quarter ended March 31, 1992 Commission File Number 0-19509

EQUUS II INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	76-0345915 (I.R.S. Employer Identification No.)
2929 Allen Parkway, Suite 2500 Houston, Texas (Address of principal executive offices)	77019 (Zip Code)

Registrant's telephone number, including area code: (713) 529-0900

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

As of March 31, 1992, 60 shares of common stock were held by an affiliate of the registrant. The net asset value per share at March 31, 1992, was $16.67. There is no established market for such common stock.

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EQUUS II INCORPORATED
(A Delaware Corporation)

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SIGNATURE 7

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Part 1. Financial Statements

Item 1. **Financial Statements**

EQUUS II INCORPORATED
BALANCE SHEET
MARCH 31, 1992 AND DECEMBER 31, 1991
(Unaudited)

Assets	1992	1991
Cash	$1,000	$1,000
Total assets	$1,000	$1,000
Stockholder's Equity		
Preferred stock, $.001 par value, 5,000,000 shares authorized, no shares issued or outstanding	$ -	$ -
Common stock, $.001 par value, 10,000,000 shares authorized, 60 shares issued and outstanding	1	1
Additional paid-in capital	999	999
Total stockholder's equity	$1,000	$1,000
Net assets per share	$16.67	$16.67

The accompanying notes are an integral part of these financial statements.

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EQUUS II INCORPORATED
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992
(Unaudited)

(1) *Organization and Business Purpose*

Equus II Incorporated, a Delaware corporation, (the "Fund") was formed as a successor business development company on August 16, 1991, and is a wholly owned subsidiary of Equus Investments II, L.P., a Delaware limited partnership (the "Partnership"). Upon approval by a majority of the units of limited partnership interest of the Partnership, all assets of the Partnership, subject to its liabilities, will be transferred to the Fund in exchange for shares of common stock of the Fund (the "Exchange"). Upon consummation of the Exchange, the shares received by the Partnership will be distributed to the partners of the Partnership, with each partner receiving a pro rata distribution of these shares of the Fund for the Partnership units or interest held prior to the Exchange. The Partnership will then be dissolved.

As with the Partnership, the Fund will seek to achieve capital appreciation by making equity and equity-oriented investments in leveraged buyouts of existing companies or divisions thereof and subsequently disposing of such investments. The Fund elected to be treated as a business development company under the Investment Company Act of 1940, as amended. The Fund will terminate on June 30, 2002, unless extended by majority vote of its stockholders.

The Fund had no activity during the three months ended March 31, 1992, and therefore no financial statements other than the Balance Sheets have been presented.

(2) *Management*

Upon consummation of the Exchange, the Fund will enter into a management agreement with Equus Capital Management Corporation, a Delaware corporation (the "Management Company"). Pursuant to such agreement, the Management Company will perform certain management and administrative services necessary for the operation of the Fund. The Management Company will receive a management fee at an annual rate of 2% of the net assets of the Fund. In addition, the Management Company will receive an incentive fee equal to 20% of net realized capital gains less any unrealized capital depreciation, computed on a cumulative basis over the combined life of the Fund and the Partnership.

Equus Capital Corporation, a Delaware corporation (the "Sub-Adviser"), will be the Sub-Adviser to the Fund and will be responsible for approving the Fund's quarterly net asset valuations, arranging financing for leveraged buyout transactions, and providing investment advice to the Fund. As a fee for such services, the Sub-Adviser will receive from the Management Company 50% of the incentive fee paid to the Management Company.

Upon consummation of the Exchange, the Board of Directors will consist of five individuals, three of which must be independent. As compensation for services rendered to the Fund, these independent directors will receive an annual fee of $15,000, a fee of $1,500 for each meeting attended and reimbursement of all out-of-pocket expenses relating to attendance at such meetings.

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(3) *Significant Accounting Policies*

Income Taxes - No provision for income taxes will be made since the Fund intends to qualify for pass-through treatment as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986. As such, all net income is allocable to the stockholders for inclusion in their respective tax returns. Net losses are carried forward to be used to offset future income.

(4) Subsequent Event

On April 30, 1992, a majority of the units of limited partnership interest voted in favor of the Exchange. Therefore, effective July 1, 1992 the Exchange will be consummated.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources

Equus II Incorporated, a Delaware corporation (the "Fund") was formed by Equus Investments II, L.P. (the "Partnership") on August 16, 1991, as a corporate successor to the Partnership pursuant to which all assets and liabilities of the Partnership are to be transferred to the Fund in exchange for shares of common stock of the Fund (the "Exchange"). During 1991 and the first quarter of 1992, the Fund conducted no operations. Its only activity was the filing of a registration statement with the SEC to register the shares to be issued to the Partnership in the Exchange. Upon approval by a majority of the limited partners of the Partnership and consummation of the Exchange, the shares received by the Partnership will be distributed to the partners, with each partner receiving a pro rata distribution of the shares of the Fund for the units of limited partnership interest for general partners interest held prior to the Exchange.

The Exchange has been submitted to the limited partners for their approval at a special meeting of limited partners scheduled to be held on April 30, 1992. If approved by a majority of the limited partners, the Exchange will be effected on or about July 1, 1992.

Subsequent Event

On April 30, 1992, a majority of the units of limited partnership interest voted in favor of the Exchange. Therefore, effective July 1, 1992 the Exchange will be consummated.

Item 12. **Exhibits and Reports on Form 8-K.**

(a) Exhibits

None

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the period for which this report is filed.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed by the undersigned, thereunto duly authorized.

EQUUS II INCORPORATED

By:
Nolan Lehmann
President, Principal Financial
and Accounting Officer

Date: May 13, 1992

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

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For the Quarter Ended March 31, 1992 commission file number 33-39263-NY

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EXCEPTIONAL ENTERPRISES INC.

(Exact name of registrant as specified in its charter)

Delaware	22-2993070
(State or other Jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
81 Manee Ave, Staten Island, N.Y.	10309
(Address of principal executive offices)	(Zip Code)

Registrants telephone number including area code (718) 948-2479

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of Securities Exchange Act of 1934 subsequent to the distributions of securities under a plan confirmed by a court. Yes ____ No ____

On April 30, 1992 the number of shares outstanding of each of the registrants classes of common stock was 500,000

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EXCEPTIONAL ENTERPRISES, INC.
(A Development Stage Company)
BALANCE SHEET
(Unaudited)

ASSETS

	March 31, 1992	December 31, 1991
		(Audited)
Current assets:		
Cash	$ 3,033	$ 21,196
Other assets:		
Organizational costs	500	500
Deferred registration costs	-0-	-0-
	$ 3,533	$21,696

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 1992	December 31, 1991
Current liabilities:		
Accounts payable and accrued expenses	$ 1,650	$ NONE
Shareholders' equity:		
Common stock, par value $.001		
Authorized 10,000,000		
Issued and outstanding 250,000	250	250
Additional paid-in capital	22,092	22,092
Deficit accumulated during development stage	(20,459)	(646)
Total shareholders' equity	1,883	21,696
Total Liabilities and Shareholder's Equity	$ 3,533	$ 21,696

EXCEPTIONAL ENTERPRISES, INC.
(A Development Stage Company)
STATEMENT OF OPERATIONS
(Unaudited)

	Inception (9/22/88) to 3/31/92	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Revenue	$ NONE	$ NONE	$ NONE
Costs and expenses	20,459	19,813	79
Net income (loss)	$(20,459)	(19,813)	(79)
Weighted Average Number of Common Shares Outstanding	242,500	242,500	242,000
Net Income (Loss) Per Share	$ NONE	$ NONE	$ NONE

EXCEPTIONAL ENTERPRISES, INC.
(A Development Stage Company)
STATEMENT OF CASH FLOWS
(Unaudited)

	Inception (9/22/88) to 3/31/92	Three Months Ended March 31, 1992	1991
Cash flows from operating activities:			
Net income(loss)	$(20,459)	$ (19,813)	$ (79)
Increase(decrease) in Accounts Payable	1,650	1,650	-
	(18,809)	(18,163)	(79)
Cash flows from investing activities:			
Organizational costs	(500)	-	-
	(500)	-	-
Cash flows from financing activities:			
Proceeds from sale of common stock	508	-	-
Proceeds from additional contribution to capital	26,260	-	2,100
Deferred registration costs	(4,426)	-	(1,281)
Net cash provided from financing activities	22,342	-	819
Net increase(decrease) in cash	3,033	(18,163)	740
Cash at beginning of period	0	21,196	0
Cash at end of period	$ 3,033	$ 3,033	$ 740

EXCEPTIONAL ENTERPRISES INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1) FINANCIAL STATEMENTS

The balance sheet as of March 31,1992, the statement of operations from inception(September 22,1988) to March 31,1992, the three months ended March 31, 1992 and 1991, and the statement of cash flows from inception(September 22,1988) to March 31, 1992, and for the three months ended March 31, 1992 and 1991, have been prepared by registrant without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments), necessary to present fairly the financial position, results of operations and changes in financial position at March 31, 1992 and for all periods presented, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in registrant's Form 10-K for the year ended December 31, 1991.

2) SHAREHOLDERS' EQUITY

During the three months ended March 31, 1992, the shareholders' equity changed for the following items:

a) Net loss of $19,813.

EXCEPTIONAL ENTERPRISES INC.
(A corporation in the development stage)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - FINANCIAL STATEMENTS

The financial statements for the period ended March 31, 1992 are unaudited, in managements opinion they fairly present the financial position for the Company. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles may have been omitted.

NOTE 2 - ORGANIZATION AND BUSINESS OPERATIONS

The Company was organized to acquire interests in business opportunities and engage in and provide financial and management consulting services to these businesses.

NOTE 3 - DEFERRED REGISTRATION COSTS

The Company undertook a public offering of its securities. Costs relating to the Company's efforts to obtain financing through a public offering are deferred until completion. Subsequently they will be charged against the proceeds of the public offering.

NOTE 4 - LOSS PER SHARE

Loss per share is computed by dividing the net loss by the weighted average number of common share outstanding during the period.

NOTE 5 - CONFLICTS OF INTEREST

Certain conflicts of interest now exist and will continue to exist between the Company and its officers and directors due to the fact that each has other business interests to which he devotes his primary attention. Each officer and director may continue to do so notwithstanding the fact that management time should be devoted to the business of the Company.

MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS FROM OPERATIONS.

During the fiscal quarter ended March 31, 1992:

The Company has been investigating business opportunities as they have become available for review.

The Company conducts a business which includes but is not limited to locating, investigating and reviewing business opportuunities that may potentially benefit from becoming associated with or through a publicly held corporation.

Management is not aware of any trends or changes in its area of business or other economic factors which may cause any signigicant change in the viability or financial stability of the Company. The Company is not planning any significant capital expenditures during the next 12 months other than continued investigation of business opportunities as they become available.

Subsequent Events, 2-1 Forward Stock Split.

The Company effectuated a 2-1 forward stock split to shareholders of record as of April 15, 1992. In accordance with the stock split, corresponding adjustments were made to all outstanding common stock purchase warrants with respect to amounts and exercise prices. The number of shares eligible for purchase under the terms of the pre-split warrants was adjusted 2-1 and the exercise prices of the warrants were reduced as follows: the A warrant from $3.50 to $1.75, the B warrant from $4.25 to $2.125 and the C warrant from $5.00 to $2.50. Other outstanding warrants were adjusted similarily.

EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - None

(b) No reports were filed by the Company on Form 8-K during the fiscal quarter ended 3/31/92.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXCEPTIONAL ENTERPRISES INC.

April 30, 1992

By Robert Gallaro
Robert Gallaro, President
Treasurer and Director

April 30, 1992

By Randall J. Perry
Randall J. Perry, Secretary
Vice President and Director

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.
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FORM 10 Q

(Mark One)

(X) Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended May 30, 1992 Commission File number 0-80.

(   ) Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the transition period from ____________
to ____________

SEAWAY FOOD TOWN, INC.
(Exact name of registrant as specified in its charter)

Ohio	34-4471466
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer (Identification No.)
1020 Ford Street, Maumee, Ohio	43537
(Address of principal executive offices)	(Zip Code)

419/893-9401
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 26, 1992
Common stock, without par value (stated value $2.00 per share)	2,394,593 shares

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PART I. FINANCIAL INFORMATION

Summarized Financial Information

The following consolidated statements of income, condensed consolidated balance sheets, and condensed consolidated statements of cash flows are unaudited, but include all adjustments, consisting only of normal recurring accruals, which the Company considers necessary for a fair presentation of its financial position, results of operations and cash flows for the periods and the dates indicated. Since the unaudited financial statements have been prepared in accordance with instructions to Form 10-Q, they do not contain all disclosures normally provided in annual financial statements; they should be read in conjunction with the consolidated financial statements and notes thereto appearing in the Company's 1991 Annual Report to Shareholders.

PART I. FINANCIAL INFORMATION (Continued)

Consolidated Statements of Income

(Thousands of Dollars - Except
Average Share and Per-share Data)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	May 30, 1992	May 25, 1991	May 30, 1992	May 25, 1991
Net sales	*$139,434*	*$141,725*	*$414,497*	*$421,654*
Cost of merchandise sold	106,135	108,015	314,798	322,767
Gross profit	33,299	33,710	99,699	98,887
Selling, general and administrative expenses	31,855	32,739	94,914	95,967
Operating profit	1,444	971	4,785	2,920
Interest expense	(1,303)	(1,477)	(3,973)	(4,451)
Other income - net	844	557	2,312	1,713
Income before income taxes	985	51	3,124	182
Provision for income taxes	(385)	(20)	(1,220)	(67)
Net income	$600	$31	$1,904	$115
Per common share:				
Net income	$0.26	$0.01	$0.82	$0.05
Dividends paid	$0.09	$0.09	$0.27	$0.27
Ave. number of shares outstanding	2,331,005	2,309,302	2,330,871	2,306.507

Condensed Consolidated Balance Sheets

(Thousands of Dollars)

	May 30, 1992	August 31, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$8,534	$8,121
Notes and accounts receivable	7,355	7,313
Less allowance for doubtful accounts	(150)	(150)
Merchandise inventories (Note B)	65,100	62,723
Less LIFO reserve	(18,276)	(18,036)
Prepaid expenses	3,165	3,790
Total current assets	65,728	63,761
Other assets	4,012	2,944
Property and equipment:		
Cost	176,386	170,786
Less accumulated depreciation and amortization	(93,784)	(87,298)
Net property and equipment	82,602	83,488
	$152,342	$150,193
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$4,000	$3,000
Accounts payable	41,657	35,371
Income taxes	83	1,228
Accrued liabilities	13,542	12,409
Long-term debt due within one year	5,121	2,856
Total current liabilities	64,403	54,864
Long-term debt	44,056	53,695
Deferred income taxes	2,994	3,250
Deferred other	3,993	3,014
Shareholders' equity:		
Common stock	4,813	4,826
Capital in excess of stated value	511	482
Retained earnings	32,594	31,413
Unallocated common shares held by ESOP	(1,022)	(1,351)
Total shareholders' equity	36,896	35,370
	$152,342	$150,193

PART I. FINANCIAL INFORMATION (Continued)

Condensed Consolidated Statements of Cash Flows

(Thousands of Dollars)

	Thirty-Nine Weeks Ended	
	May 30, 1992 1992	May 25, 1991
OPERATING ACTIVITIES	$15,163	$11,745
INVESTING ACTIVITIES:		
Expenditures for property and equipment	(6,641)	(15,163)
Proceeds from sale of property and other assets	83	228
Other	(992)	(96)
Net cash used in investing activities	(7,550)	(15,031)
FINANCING ACTIVITIES:		
Increase in notes payable	1,000	3,500
Proceeds from issuance of long-term debt	---	4,300
Payments of long term debt	(8,569)	(2,950)
Payments for acquisition of common shares	(108)	---
Dividends paid	(631)	(623)
Contributions to ESOP	(21)	(29)
Increase in deferred other	1,129	---
Net cash provided by (used in) financing activities:	(7,200)	4,198
Increase in Cash and Cash Equivalents	413	912
Cash and cash equivalents at beginning of period	8,121	7,381
Cash and cash equivalents at end of period	$8,534	$8,293
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	$3,412	$3,496
Income Taxes	$2,640	$1,240

PART I. FINANCIAL INFORMATION (Continued)

Notes to Summarized Financial Information

Note A. Net income per common share is based on the weighted average number of shares outstanding during the periods adjusted for unallocated shares of the ESOP. Shares issuable under outstanding stock options were not included in the per-share computations since inclusion would not result in any significant dilution.

Note B. Meat, produce and pharmacy inventories are valued at the lower of cost using the first-in, first-out (FIFO) method, or market. All other merchandise inventories (including store inventories which are determined by the retail inventory method) are valued at the lower of cost using, the last-in, first-out (LIFO) method, or market.

PART I. FINANCIAL INFORMATION (continued)

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Net sales for the third fiscal quarter of 1992 were $139,434,000 or 1.6% less than the same quarter of 1991. On a year to date basis, net sales were $414,497,000 or 1.7% less than 1991. Most of this net decrease is attributable to the reduction in the number of stores in operation over this time frame.

Gross margins, as a percent of sales, increased .10% in the third quarter of fiscal 1992 compared to the same quarter in 1991. On a year to date basis, these margins increased .60% between 1992 and 1991. Gross margins have increased in the supermarkets after a period of decline due to competitive pressure being experienced in the market area.

As a percent of sales, selling, general and administrative expenses decreased .25% in the third quarter of 1992 compared to the same quarter of 1991. On a year to date basis these expenses increased .13% as a percentage of sales. This increase is attributable to decreased sales and increased store costs, primarily relating to newer and larger stores and store expenses including labor, rents, taxes and utilities, and increased administrative expenses. There is some offset to these increases in decreased advertising expenses.

Interest expense decreased $174,000 as compared to the third quarter of 1991. On a year to date basis interest expense has decreased $478,000. This decrease is due primarily to decreased interest rates being experienced on outstanding borrowings. There has been an effort made to pay down higher rate loans and replace with new debt at reduced rates.

Other income - net increased 51.5% over the same quarter of 1991 and 35.0% on a year to date basis. This increase is due primarily to increases in miscellaneous store income and coupon handling income offset by losses on disposals of fixed assets.

Income taxes as a percent of pre-tax income approximates the statutory tax rates in effect.

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Liquidity and Capital Resources

Through the third quarter of fiscal 1992, the Company's working capital decreased $7,572,000 compared to the year end at August 31, 1991. The working capital ratio was 1.02 to 1 at the end of this quarter compared to 1.16 to 1 at August 31, 1991. During the first thirty-nine weeks of 1992, cash and cash equivalents increased $413,000, which was largely due to decreased capital expenditures offset by increased payment of debt. Working capital and the working capital ratio were lowered due to new borrowings under short-term loan agreements, and timing of payments.

The funds required by the Company for both working capital and capital expenditures are generated principally through operations and from long-term borrowings, supplemented by borrowings under revolving credit and short term note agreements, which have been arranged primarily through institutional lenders and capital leases. During the third quarter of 1992 it was necessary to borrow against short-term and revolving credit agreements with the maximum amount outstanding under such agreements being $13,300,000.

Item 6. - Exhibits and Reports on Form 8 K.

6(b) Reports on Form 8 K.

There were no Form 8 K reports required to be filed by the Company during any of the months included in the most recently completed fiscal quarter.

Signature

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEAWAY FOOD TOWN, INC.
Registrant

Date July 13, 1992 By
Richard B. Iott, President

Date July 13, 1992 By
Waldo E. Yeager, Senior Vice President-Finance & Treasurer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

I

For quarter ended March 31, 1992

Commission file number 2-79912

92-2250

HARBOR BANCORP

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or organization)

95-3764395
(I.R.S. Employer Identification No.)

PROCESSED BY
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MAY 18

11 Golden Shore
Long Beach, CA 90802

(Address of principal executive offices)

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Q-Data Corp. - St. Petersburg, FL

(310) 491-1111

(Registrant's telephone number, including area code)

L30

Not applicable

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No Other N/A

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common stock, no par value - 1,151,819 shares as of May 13, 1992

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HARBOR BANCORP AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements (Unaudited)

- Condensed consolidated balance sheets - March 31, 1992 and December 31, 1991
- Condensed consolidated statements of income - three months ended March 31, 1992 and 1991
- Condensed consolidated statements of cash flows - three months ended March 31, 1992 and 1991
- Notes to condensed consolidated financial statements - March 31, 1992

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

ITEM 2. Changes in Securities

ITEM 3. Defaults Upon Service Securities

ITEM 4. Submission of Matter to a Vote of Security Holders

ITEM 5. Other Information

ITEM 6. Exhibits and Reports on Form 8-K

PART III. SIGNATURES

ITEM I: FINANCIAL INFORMATION

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31, 1991
	(000's omitted)	
ASSETS		
Cash and due from banks	$ 28,376	$ 16,275
Federal funds sold and securities purchased under resale agreements	26,200	21,800
Cash and cash equivalents	54,576	38,075
Time certificates of deposit	397	397
Investment securities (market value of $16,982,290 in 1992 and $16,738,583 in 1991)	17,310	16,723
Loans	108,805	102,314
Less allowance for possible loan losses	1,157	1,029
Net loans	107,648	101,285
Bank premises and equipment:		
Land	159	159
Buildings and improvements	3,704	3,692
Furniture, fixtures and equipment	2,856	2,846
	6,719	6,697
Less accumulated depreciation and amortization	4,377	4,263
	2,342	2,434
Other real estate	203	197
Accrued interest receivable	1,190	985
Other assets	900	898
Total assets	$184,566	$160,994

(Continued)

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Continued)

	March 31, 1992 (Unaudited)	December 31, 1991
	(000's omitted)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Interest bearing	$ 74,401	$ 76,643
Noninterest bearing	95,781	70,291
Total deposits	170,182	146,934
Accrued expenses and other liabilities	881	929
Total liabilities	171,063	147,863
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock, no par value; 5,000,000 shares authorized; issued and outstanding, 1,097,155 shares in 1992 and 1,096,384 shares in 1991	11,284	11,279
Retained earnings	2,384	1,990
Net unrealized mutual fund losses	(165)	(138)
Total stockholders'equity	13,503	13,131
Total liabilities and stockholders' equity	$184,566	$160,994

See notes to unaudited consolidated financial statements.

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended March 31, (000's omitted, except per share data)	
	1992	1991
Interest income:		
Interest and fees on loans	$ 3,059	$ 2,669
Interest on U.S. government and agency obligations	256	294
Interest on obligations of states and political subdivisions	15	19
Interest on other investments	24	23
Interest on federal funds sold and securities purchased under agreements to resale	180	75
Total interest income	3,534	3,080
Interest expense:		
Interest on deposits	739	1,006
Total interest expense	739	1,006
Net interest income	2,795	2,074
Provision for possible loan losses	129	39
Net interest income after provision for possible loan losses	2,666	2,035
Other operating income:		
Service charges on deposit accounts	214	213
Loan servicing fees and other fees and charges	36	42
Gain (loss) on sale of securities	(1)	-
Total other operating income	249	255

(Continued)

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(Continued)

	Three Months Ended March 31, (000's omitted, except per share data)	
	1992	1991
Noninterest expense:		
Salaries, wages and employee benefits	832	824
Occupancy expenses	501	473
Equipment expenses	130	118
Data processing expenses	79	85
Other operating expenses	672	468
Total noninterest expense	2,214	1,968
Income before taxes based on income	701	322
Provision for taxes based on income	307	144
Net income	$ 394	$ 178
Earnings per share	$ 0.36	$ .18

See notes to unaudited consolidated financial statements.

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31, (000's omitted)	
	1992	1991
Operating activities:		
Net income	$ 394	$ 178
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for depreciation and amortization	142	130
Provision for possible loan losses	129	39
(Increase) in interest receivable	(205)	(194)
Increase (decrease) in interest payable	(19)	3
Other	(36)	(13)
Net cash provided by operating activities	405	143
Investing activities:		
Proceeds from maturities, sales and calls of investment securities	345	114
Purchases of investment securities	(978)	-
Net decrease in loans	(6,491)	(1,234)
Capital expenditures	(22)	(15)
Other real estate	(6)	-
Net cash used in investing activities	(7,152)	(1,135)

(Continued)

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Continued)

	Three Months Ended March 31, (000's omitted) 1992	1991
Financing activities:		
Net increase in commercial and other demand deposits, savings and money market deposits and certificates of deposit	23,248	9,909
Net cash provided by financing activities	23,248	9,909
Increase in cash and cash equivalents	16,501	8,917
Cash and cash equivalents at beginning of period	38,075	18,627
Cash and cash equivalents at end of period	$54,576	$27,544

See notes to unaudited consolidated financial statements.

HARBOR BANCORP AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

March 31, 1992

1. Summary of Significant Accounting Policies:

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ending December 31, 1992.

Certain reclassifications have been made in the 1991 financial statements to conform to the presentations used in 1992.

The balance sheet on December 31, 1991 has been derived from the audited financial statements at that date. The accompanying notes are an integral part of these financial statements.

Principles of consolidation

Harbor Bancorp ("HB") was formed on July 23, 1982. The unaudited condensed consolidated financial statements include all the accounts of HB and its wholly-owned subsidiaries, Harbor Bank, Harbor Bank Properties and HB Funding. All intercompany accounts and transactions have been eliminated.

Investment securities

Investment securities - securities which the Company has the ability and intent to hold until maturity - are stated at cost adjusted for amortization of premiums and accretion of discounts, except for mutual funds which are carried at the lower of aggregate cost or market. The decision to sell such securities is based on management's assessment of changes in economic or financial market conditions, interest rate risk, and the Company's financial position and liquidity. The adjusted cost of the specific security sold is used to compute gain or loss on the sale of investment securities.

Allowance for possible loan losses

The allowance for possible loan losses represents management's recognition of the quality of the loan portfolio. The allowance is maintained at a level considered to be adequate for potential loan losses based on management's assessment of various factors affecting the loan portfolio, which includes a review of problem loans, business conditions and the overall quality of the loan portfolio.

The allowance is increased by the provision for possible loan losses charged to operations and reduced by loans charged off to the allowance, net of recoveries.

Other Real Estate

Other real estate is stated at the lower of cost or market.

Bank premises and equipment

Bank premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets which range from 10 to 30 years for buildings and improvement and 3 to 10 years for furniture, fixtures and equipment.

Earnings per share

Earnings per share was computed by dividing net income by the weighted average number of common and common stock equivalents (stock options) outstanding during each period. The number of shares used in the per share calculations for the periods ended March 31, 1992 and 1991 were 1,097,155 and 994,905 respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Harbor Bancorp's ("Company") performance during the first three months of 1992 has continued to be satisfactory despite general economic uncertainty. The purpose of the following discussion is to focus on the above mentioned performance standards and other information about the Company's financial condition and results of operations which is not otherwise apparent from the consolidated financial statements included in this quarterly report. Reference should be made to those statements and the condensed financial data presented herein for an understanding of the following discussion and analysis.

Financial Condition

During the first three months of 1992, the Company sustained strong growth in loan volume coupled with a corresponding increase in liquidity which has resulted in total assets of the Company increasing from $160,994,000 at December 31, 1991 to $184,566,000 at March 31, 1992. This increase of $23,572,000, or 14.6%, in total assets occurred primarily in cash and cash equivalents and loans. Cash and cash equivalents increased $16,501,000, or 43.3%, from $38,075,000 at December 31, 1991 to $54,576,000 at March 31, 1992. This increase in cash and cash equivalents is a result of seasonal and economically-generated fluctuations in escrow and title company demand account balances coupled with moderate growth in core deposits. Loans increased $6,491,000, or 6.3%, from $102,314,000 at December 31, 1991 to $108,805,000 at March 31, 1992. The modest increase in loan volume is primarily a result of the Company's decision to maintain a conservative posture with respect to real estate lending in view of the current economic environment coupled with strong loan demand.

Substantially all of the Company's deposits are local, core deposits. The Company does not have any out-of-area brokered deposits included in the deposit base. Total deposits increased $23,248,000, or 15.8%, for the first quarter of 1992. The primary component of this increase is noninterest bearing deposits which increased $25,490,000, or 36.3%, from $70,291,000 at December 31, 1991 to $95,781,000 at March 31, 1992.

Liquidity and Interest Rate Sensitivity Management

The primary functions of asset/liability management are to assure adequate liquidity and maintain an appropriate balance between interest sensitive earning assets and interest bearing liabilities. Liquidity management involves the ability to meet the cash flow requirements of customers who may be either depositors wanting to withdraw funds or borrowers who may need assurance that sufficient funds will be available to meet their credit needs. Interest rate sensitivity management seeks to avoid fluctuating interest margins and to enhance consistent growth of net interest income through periods of changing interest rates.

Historically, the overall liquidity of the Company has been enhanced by a significant aggregate amount of core deposits. As described in the analysis of financial condition, the Bank has not relied on large-denomination time deposits.

To meet short-term liquidity needs, the Bank has maintained adequate balances in federal funds sold, certificates of deposits with other financial institutions and investment securities having maturities of five years or less.

Liquid assets (cash, federal funds sold and securities purchased under agreements to resale, deposits in other financial institutions and investment securities) as a percent of total deposits are 42.5% and 37.6% as of March 31, 1992 and December 31, 1991, respectively.

The Bank intends to continue maintaining federal funds sold at a level of at least $3 to $4 million on average.

Interest rate sensitivity varies with different types of interest-earning assets and interest-bearing liabilities. Harbor Bank intends to maintain interest-earning assets, comprised primarily of both loans and investments, and interest-bearing liabilities, comprised primarily of deposits, maturing or repricing evenly in order to eliminate any impact from interest rate changes. In this way, both assets and liabilities can be substantially repriced simultaneously with interest rate changes.

The impact of inflation on a financial institution differs significantly from that exerted on an industrial concern, primarily because its assets and liabilities consist primarily of monetary items. The relatively low proportion of the Company's fixed assets to total assets reduces both the potential of inflated earnings resulting from understated depreciation charges and the potential of significant understatement of absolute asset values. However, inflation does have a considerable indirect impact on banks, including increased loan demand, as it becomes necessary for producers and consumers to acquire additional funds to maintain the same levels of production, consumption and new investments. Inflation also frequently results in high interest rates which can affect both yields on earning assets and rates paid on deposits and other interest-bearing liabilities. The Company monitors inflation rates to insure that ongoing programs are compatible with fluctuations in inflation and resultant changes in interest rates.

Results of Operations

The Company reported net income of $384,000, or $0.36 per share, for the three months ended March 31, 1992, compared to net income of $178,000, or $0.18 per share, for the same period in 1991.

Net interest income is an effective measurement of how well Management has balanced the Company's interest rate sensitive assets and liabilities as well as optimizing the allocation of resources.

Net interest income of $2,795,000 for the three months ended March 31, 1992, reflects an increase of $721,000, or 34.8%, from $2,074,000 for the same period of 1991. Net interest income in the first quarter of 1992 includes approximately $541,000 of interest recognized on a loan which had previously been on nonaccrual status.

The provision for possible loan losses increased $90,000 for the three months ended March 31, 1992 compared to the same period in 1991. The decrease in the provision for possible loan losses is primarily a result of loan volume and the quality of the loan portfolio.

During the first quarter of 1992, the Company continued to focus on controlling noninterest expense. The focus on noninterest expense control began with a corporate commitment in 1989 and, today, continues to be emphasized and enforced. As a result of this continued effort, total noninterest expense categories of salaries, wages and employee benefits, occupancy expense, equipment expense and data processing expense increased only $42,000, or 2.8%, during the three months ended March 31, 1992 over the same period in 1991. Other operating expense increased $204,000 during the three months ended March 31, 1992 compared to the same period in 1991 with most of the increase in the area of legal and professional fees and FDIC insurance premiums.

Risk Elements

The policy of Harbor Bank is that all loans except trust deed secured loans that are past due for ninety (90) days and all loans secured by deeds of trust that are past due for one hundred twenty days must be placed on non-accrual status. At March 31, 1992, loans on non-accrual status were $4,080,000, or 3.7%, compared to $2,861,000, or 2.8%, of total loans on non-accrual status at December 31, 1991. Accruing loans which are contractually past due ninety (90) days or more were $17,000 at March 31, 1992 compared to $77,000 at December 31, 1991.

At March 31, 1992, the management was not aware of information regarding performing loans which would cause them to have serious doubts as to the ability of the borrowers to comply with loan repayment terms, nor are they aware of any trends which might have a material impact on future operating results.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

Due to the nature of their business, the Company, the Bank, and their subsidiaries are subject to legal action threatened or filed which arise from the normal course of their business. Management believes that the eventual outcome of all currently pending legal proceedings against the Bank will not be material to the Company's or the Bank's financial position or results of operations.

ITEM 2. Changes in Securities

None

ITEM 3. Defaults Upon Service Securities

None

ITEM 4. Submission of Matter to a Vote of Security Holders

None

ITEM 5. Other Information

None

ITEM 6. Exhibits and Reports on Form 8-k

None

PART III. SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

HARBOR BANCORP

Dated: May 15, 1992

James H Gray

JAMES H. GRAY
President

Dated: May 15, 1992

MELISSA LANFRE'
Vice President & CFO

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: February 29, 1992, OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________

Commission File Number: 0-18768

INPUT/OUTPUT, INC.

(Exact name of registrant as specified in charter)

PROCESSED BY
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Q-Data Corp. - St. Petersburg, FL
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Delaware (State or other jurisdiction of incorporation or organization)	22-2286646 (I.R.S. Employer Identification No.)
4235 Greenbriar Drive, Stafford, Texas (Address of principal executive off	77477 (Zip Code)

Registrant's telephone number, including area code: (713) 240-2280

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

At February 29, 1992 there were 7,258,880 shares of common stock, par value $0.01 per share, outstanding.

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INPUT/OUTPUT, INC. AND SUBSIDIARY

INDEX TO FORM 10-Q
For The Quarter Ended February 29, 1992

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INPUT/OUTPUT, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

ASSETS	February 29, 1992 (unaudited)	May 31, 1991
Current assets:		
Cash and equivalents	$5,414	$6,335
Trade receivables, net	10,010	2,566
Notes receivable	2,581	4,120
Inventories	12,463	12,607
Prepaid expenses	448	467
Total current assets	30,916	26,095
Noncurrent notes receivable, excluding current installments	3,359	3,813
Property, plant and equipment, net	5,955	5,106
Identified intangibles, net	5,381	5,721
Other assets	308	95
	$45,919	$40,830

LIABILITIES AND STOCKHOLDERS' EQUITY	February 29, 1992 (unaudited)	May 31, 1991
Current liabilities:		
Current installments of lease obligations	$ 63	$ 329
Current installments of long-term debt	1,772	1,641
Accounts payable, principally trade	2,673	3,076
Accrued expenses	2,716	2,606
Income taxes payable	1,727	312
Total current liabilities	8,951	7,964
Lease obligations, excluding current installments	26	52
Long-term debt, excluding current installments	818	2,023
Deferred income taxes	1,983	1,507
Stockholders' equity:		
Preferred stock, $.01 par value; authorized 5,000,000 shares; none issued.	—	—
Common stock, $.01 par value; authorized 25,000,000 shares; issued 7,258,880 shares in 1992; 7,264,880 in 1991	73	73
Additional paid-in capital	22,854	22,102
Retained earnings	13,418	7,894
Unamortized restricted stock compensation	(504)	(785)
Total stockholders' equity	35,841	29,284
	$45,919	$40,830

See accompanying notes to consolidated financial statements.

INPUT/OUTPUT, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three months ended February 29,		Nine months ended February 29,	
	1992	1991	1992	1991
Net sales and other operating revenues	$12,385	$8,825	$34,766	$26,340
Cost of sales and other operating revenues ..	6,831	4,896	18,434	13,755
Gross profit	5,554	3,929	16,332	12,585
Operating expenses:				
Research and development	1,119	843	3,232	2,563
Marketing and sales	438	489	2,299	1,404
General and administrative	881	638	2,765	2,039
Amortization of identified intangibles......	113	114	340	341
Total operating expenses	2,551	2,084	8,636	6,347
Earnings from operations	3,003	1,845	7,696	6,238
Interest expense....................................	(68)	(251)	(252)	(873)
Other income	289	220	926	590
Earnings before income taxes	3,224	1,814	8,370	5,955
Income tax expense	1,097	617	2,846	2,025
Net earnings	$2,127	$1,197	$5,524	$3,930
Earnings per common share	$0.29	$0.22	$0.76	$0.72

See accompanying notes to consolidated financial statements.

INPUT/OUTPUT, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

	Nine months ended February 29,	
	1992	1991
Cash flows from operating activities:		
Net earnings	$5,524	$3,930
Adjustments to reconcile net earnings to net cash provided (used in) operating activities:		
Depreciation and amortization	831	926
Amortization of restricted stock compensation	233	—
Deferred income taxes	(424)	(324)
Changes in assets and liabilities:		
Receivables	(5,451)	2,306
Inventories	144	(4,302)
Leased equipment	189	—
Accounts payable and accrued expenses	(294)	1,313
Income taxes currently payable	1,415	1,827
Other	(193)	(315)
Net cash provided by operating activities	1,974	5,361
Cash flows from investing activities:		
Capital expenditures	(1,529)	(2,323)
Cash flows from financing activities:		
Borrowing from bank	—	676
Payments on lease obligations and long-term debt	(1,366)	(1,246)
Payment on redemption of preferred stock	—	(2,072)
Net cash used in financing activities	(1,366)	(2,642)
Net increase (decrease) in cash and equivalents	(921)	396
Cash and equivalents at beginning of year	6,335	1,295
Cash and equivalents at end of quarter	$5,414	$1,691

See accompanying notes to consolidated financial statements.

INPUT/OUTPUT, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) General

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The financial statements reflect all adjustments which are, in the opinion of management, necessary to fairly present such information. Although the Company believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including significant accounting policies, normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K filed for the year ended May 31, 1991.

(2) Inventories

Inventories are stated at the lower of cost (primarily first-in, first-out) or market. A summary of inventories follows (in thousands).

	February 29, 1992	May 31, 1991
	(unaudited)	
Raw materials	$7,265	$6,247
Work-in-process	3,339	3,133
Finished goods	1,859	3,227
	$12,463	$12,607

(3) Statement of Cash Flows

The Company generally considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalent.

Supplemental disclosures of cash flow information for the nine months ended February 29, 1992 and 1991 follows (in thousands):

	1992	1991
Cash paid during the periods for:	(unaudited)	
Interest (net of amount capitalized)	$ 252	$ 873
Income taxes	1,890	—

INPUT/OUTPUT, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

(4) Earnings per Share

Earnings per common share were computed using the weighted average number of shares outstanding adjusted for the incremental shares attributed to outstanding options to purchase common stock. Shares used in earnings per share computation were as follows (in thousands):

	Three Months Ended February 29,		Nine Months Ended February 29,	
	1992	1991	1992	1991
	(unaudited)		(unaudited)	
Primary	7,349	5,460	7,314	5,460
Fully diluted	7,414	—	7,340	—

(5) Related Party Transactions

At February 29, 1992 and May 31, 1991, Triton Energy Corporation (Triton) had guaranteed $4,752,000 (unaudited) and $6,576,000, respectively, of loans from unaffiliated parties to purchasers of seismic equipment from the Company. Triton has not incurred any losses on these guarantees. The Company has indemnified Triton against any loss as a result of the guarantees.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview and Outlook:

The Company sold its second I/O SYSTEM TWO™ seismic data acquisition system, the first I/O SYSTEM TWO to a major seismic contractor in the third quarter. The I/O SYSTEM TWO is the world's first land seismic data acquisition system incorporating 24 bit analog to digital delta sigma modulation technology and is further evidence of the Company's strong commitment to research and development.

The Company's results reflect the growing importance of 3-D seismic surveys in oil and gas exploration and the shift toward increased exploration activity overseas. This trend is evidenced by the fact that 90% of the I/O SYSTEMs sold to date are deployed outside the United States.

Results of Operations:

Revenue:
The Company had record third quarter net sales and other operating revenues of $12.4 million, a 40% increase from the $8.8 million in the third quarter of the prior year. The Company recorded four I/O SYSTEM ONE™ and one I/O SYSTEM TWO sales during the third quarter compared to three I/O SYSTEM ONE sales in the third quarter of the prior year. The Company also experienced strong equipment sales to expand previously sold systems. Total revenues for the nine months of the current fiscal year were $34.8 million, up 32% from $26.3 million in last year's first nine months. Twelve I/O SYSTEM ONEs and two I/O SYSTEM TWOs were sold during the first nine months of fiscal 1992 compared to eleven I/O SYSTEM ONEs for the prior year. The increase in revenue is attributable to the introduction of I/O SYSTEM TWO and to continued acceptance of the I/O SYSTEM ONE in the international marketplace and equipment sales to expand previously sold I/O SYSTEM ONEs.

Gross Profit:
The gross profit margin on the Company's product sales remained relatively constant for the third quarter at 44.8% compared to 44.5% for the prior year. For the nine month period the gross profit margin was 47.0% compared to 47.8% for last year's first nine months.

Operating Expenses:
Operating expenses increased $467,000 or 22% for the third quarter over last year's quarterly expenses. Research and development expense increased by $276,000 or 33% over the third quarter of the prior year primarily due to increased staffing and compensation expense. Marketing and sales expenses decreased by $51,000 or 10% from the last year's third quarter primarily due to no commissions on foreign sales. General and administrative expenses for the third quarter increased by $243,000 or 38% from the prior year's third quarter due primarily to costs associated with being a public company.

Operating expenses for the first nine months of the current year were $2.3 million or 36% more than the first nine months of the prior year due primarily to increased staffing and compensation expense in research and development, commissions on foreign sales during the first half of the fiscal year in marketing, and the costs of being a public company in general and administrative.

Interest Expenses:
Interest expense for the third quarter declined $183,000 or 73% from the prior year due primarily to repayment of indebtedness to former parent. For the nine months interest expense declined $621,000 or 71% primarily due to repayment of debt to former parent.

Liquidity and Capital Resources

In September 1991, the Company entered into an agreement with its lead bank whereby the bank committed to product sale and working capital financing of $10.2 million. The product financing program will be used to provide equipment financing to credit worthy customers. As of the end of the quarter, none of the available working capital funds had been utilized.

The Company financed its operations through available cash as of the end of the prior fiscal year and funds generated through normal operating activity for the first nine months of the current year. Cash provided by operating activities for the current year was $2.0 million compared to $5.4 million in the prior year. This decrease was primarily caused by large accounts receivable outstanding at the end of third quarter due to large sales in February, the last month of the quarter. As of the end of the nine months of the current year the Company had approximately $5.4 million in cash and equivalents.

The Company used approximately $1.5 million for capital expenditures during the first nine months of the current year and plans to spend approximately $1.7 million in fiscal 1992 to be funded by internally generated working capital.

PART II - OTHER INFORMATION.

ITEM 2. CHANGES IN SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits - None.

(b) Reports on 8-K - None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INPUT/OUTPUT, INC.

Dated: March 23, 1992

Robert P. Brindley
Senior Vice President,
Chief Financial Officer and Secretary
(Principal Financial Officer)

Ronald A. Harris
Controller
(Principal Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1992

Commission File Number 2-31080

NATIONAL INDUSTRIAL SECURITY CORPORATION
(Exact Name of Registrant As Specified In Its Charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

860214815
(I.R.S. Employer Identification No.)

2025 South Brentwood, St. Louis, Missouri 63144
(Address of Principal Executive Offices, Zip Code)

(314) 962-1414
(Telephone Number)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date:

L30

6,983,000 shares of Common Stock were issued and outstanding as of March 31, 1992

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PART I

FINANCIAL INFORMATION
Item 1 - Financial Statements

NATIONAL INDUSTRIAL SECURITY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	3/31/92 (unaudited)	12/31/91
CURRENT ASSETS		
Cash	$ 18,185	$ 38,973
Accounts Receivable:		
Trade; net of allowance for doubtful accounts of $1,446	294,272	292,746
Other; net of allowance for doubtful accounts of $0 at March 31, 1992	519	6,305
Inventories (Note A)	9,884	10,314
Prepaid Taxes and Other Expenses	30,350	11,035
TOTAL CURRENT ASSETS	353,210	359,373
PROPERTY & EQUIPMENT, at cost (Notes A & D)		
Furniture and Equipment	118,709	94,058
Leasehold Improvements	8,880	8,880
	127,589	102,938
Less Accumulated Depreciation and Amortization	(68,730)	(75,883)
NET FIXED ASSETS	58,859	27,055
DEFERRED CHARGES, net of accumulated amortization (Note A)	19,627	20,165
OTHER ASSETS	8,553	8,138
TOTAL ASSETS	$440,249	$414,731

The accompanying notes to financial statements are an integral part of these statements.

NATIONAL INDUSTRIAL SECURITY CORPORATION
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES

	3/31/92 (unaudited)	12/31/91
CURRENT LIABILITIES		
Notes Payable (Note B)	$ 146,133	$ 128,055
Current Portion of Long Term Debt	0	2,159
Current Portion of Capital Lease Obligation (Note D)	8,276	1,429
Accounts Payable and Accrued Expenses	21,743	20,437
Accrued Salaries and Related Taxes	99,486	128,013
Deferred Revenue	2,243	3,357
TOTAL CURRENT LIABILITES	277,881	283,450
LONG-TERM DEBT (Note B)	0	1,239
Long Term Capital Leases (Note D) (Automobiles)	28,585	0
STOCKHOLDERS' EQUITY		
Common Stock - authorized 12,000,000 shares; par value $.1667 per share; issued and outstanding 6,983,000 shares	1,163,830	1,163,830
Additional Paid in Capital	38,785	38,785
Deficit	(1,068,832)	(1,072,573)
TOTAL STOCKHOLDERS' EQUITY	133,783	130,042
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$440,249	$414,731

The accompanying notes to financial statements are an integral part of these statements.

NATIONAL INDUSTRIAL SECURITY CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1992
(UNAUDITED)

	1992	1991
SERVICE REVENUES (Note E)	$698,365	$644,868
COST AND EXPENSES:		
Labor	552,115	499,710
General and Administrative	139,709	131,684
	691,824	631,394
PROFIT (LOSS) FROM OPERATIONS	6,541	13,474
OTHER INCOME (EXPENSE):		
Interest expense	(3,087)	(4,400)
Investment income	183	14
Miscellaneous income	103	(138)
NET PROFIT (LOSS)	$ 3,740	$ 8,950
NET PROFIT (LOSS) PER COMMON SHARE	$ .00	$.00

The accompanying notes to financial statements are an integral part of these statements.

NATIONAL INDUSTRIAL SECURITY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31
(UNAUDITED)

	1992	1991
CHANGE IN CASH AND SHORT-TERM INVESTMENTS:		
Cash flows from operating activities:		
Net profit (loss)	$ 3,740	$ 9,064
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	2,845	11,354
Amortization	538	5,023
(Increase) decrease in accounts receivable	4,260	(50,441)
Decrease in inventory	430	11,188
Decrease (increase) in prepaid expense	(19,315)	13,028
Increase in due from officer	415	520
Increase (decrease) in accounts payable and accrued expenses	1,306	(32,108)
Increase (decrease) in accrued salaries and related taxes	(28,527)	20,436
(Decrease) Increase in deferred revenues	(1,114)	27
Net cash used in operating activities	(35,422)	(11,909)
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Additions to property and equipment	(4,015)	(12,213)
Proceeds from sale of property and equipment	5,328	0
Net cash provided by (used in) investment activities	1,313	(12,213)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long term Debt	(3,398)	(17,781)
Payments on capital lease obligations	(2,197)	(4,573)
Net borrowings on line-of-credit and notes payable	18,078	78,055
Net cash provided by financing activities	12,483	55,701
NET INCREASE (DECREASE) IN CASH	(20,788)	31,579
CASH, beginning of period	38,973	7,394
CASH, end of period	$ 18,185	$ 38,973

Supplemental Schedule of Non-cash Financing Activities:
A capital lease obligation of $37,630 was incurred when the Company entered into leases for two automobiles to replace expiring leases.

The accompanying notes to financial statements are an integral part of these statements.

NATIONAL INDUSTRIAL SECURITY CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 1992

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of consolidation:

The consolidated financial statements include the accounts of the National Industrial Security Corporation ("the Company") and its wholly-owned subsidiaries, none of which operated in the four years ended December 31, 1991. All material intercompany balances have been eliminated.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (which include only normal recurring accruals) necessary to fairly present the financial position of the Company and its subsidiaries at March 31, 1992 and the results of the operations and changes in their financial position for the three and nine month periods ending March 31, 1992 and 1991.

Inventories:

Inventories consist of alarm systems held for resale and are stated at the lower of cost (first-in, first-out method) or market.

Depreciation and amortization:

Property and equipment is depreciated on straight-line and accelerated methods over the useful lives of the related assets. Leasehold improvements and equipment under capital leases are amortized over the asset life or the lease term, if shorter.

Deferred charges at March 31, 1992 consist principally of goodwill and patent costs which are being amortized over 5 to 20 years. Accumulated amortization of deferred charges was $10,466 at December 31, 1991 and $11,004 at March 31, 1992.

Depreciation and amoritization totalled $3,383 for the period ending 3-31-92.

Loss per share:

Profit or loss per share computations are based on the weighted average number of common shares outstanding each year.

NATIONAL INDUSTRIAL SECURITY CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 1992
(Continued)

NOTE B - NOTES PAYABLE:

Notes payable include the following:

	3/31/92	12/31/91
Note Payable, due in monthly installments of $200, including interest at 9.5%, through August 1993, collateralized by an automobile replaced by capital leases in Feb. 1992 (Note D).	$ 0	$ 3,398
	0	3,398

NOTE C - INCOME TAXES

At December 31, 1991 the Company had net operating loss carryforwards aggregating $655,000 expiring primarily in 1999 through 2002 and new jobs tax credit carryforwards of approximately $163,000 expiring principally in 1992 and 1993.

NOTE D - COMMITMENTS AND CONTINGENCIES:

Leases:

The Company leases its office space and other office equipment under an operating lease. In addition, the Company has two automobile capital leases. Future minimum lease commitments under all non-cancellable leases in effect at March 31, 1992 are as follows:

	Operating Leases	Capital Lease
1992	$ 28,674	8,513
1993	39,394	11,350
1994	21,653	11,350
1995	---	11,350
Total payments	89,721	42,564
Less amount representing interest		5,703
	89,721	36,861

Rent expense was $8,690 for the quarter ending 3/31/92.

NOTE E - SIGNIFICANT CUSTOMERS:

Revenues with 2 major customers accounted for approximately 20% of total service revenues at 3/31/92. Accounts receivable from these two customers represent approximately 25% of total trade accounts receivable at March 31, 1992

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company is a Missouri-based corporation providing security guard and related security services to commercial, industrial, governmental, health care and other institutional clients. The Company also provides monitored alarm system services and computer data base searches. The Company primarily operates in the St. Louis, Missouri metropolitan area, and presently employs approximately 280 security guards and an office staff of 10 all in St. Louis, Missouri. The Company is not currently marketing its proprietary wireless alarm systems, but continues to provide 24 hour central station monitoring to approximately 125 accounts.

RESULTS OF OPERATIONS

Revenues for the three months ending March 31, 1992, increased $53,497 (8%) compared with the same period in 1991. The increase in revenues is due to the addition of new clients.

The Company experienced an operating profit of $6,541 during the three months ending March 31, 1992 compared with an operating profit of $13,474 during the same period last year.

Net profit for the three months ended March 31, 1992 was $3,740 compared with a net profit of $8,950 during the same period last year. For the three months ended March 31, 1992, the Company had a net decrease of $20,788 in its cash position compared with a $17,707 increase in cash during the same period last year. (See Consolidated Statement of Cash Flows).

The Company has $163,000 in new jobs tax credits and $655,000 in net operating loss carry forwards available to reduce future federal income taxes. See Note C to the Company's Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

During the quarter ended March 31, 1992, the Company produced a positive cash flow from operations and utilized these funds to reduce outstanding debt of the Company. (See Note B)

The Company anticipates using positive cash flow from operations to further reduce bank borrowing. The Company's cash position at March 31, 1992 was $18,185: the cash position varies day-to-day depending on collections and the timing of payroll obligations.

Though not significant in number, the Company has achieved some sales of its proprietary alarm systems. Marketing for the system has been discontinued at present.

The Company has recently added software to its computer capability to access a network of computer data banks to provide personnel and investigative searches and services. Marketing plans in the St. Louis area are being developed.

In its efforts to expand, management of the Company may consider merger and acquisition candidates which may or may not be related to its current operations. No negotiations relating to any possible acquisitions or mergers have been initiated or selected, although initial screening of several potential candidates was conducted.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL INDUSTRIAL SECURITY
CORPORATION

Date: May 14, 1992

By: Max Jackson
Max T. Jackson, President,
Treasurer and Chairman of the
Board of Directors
(Principal Executive, Financial
and Accounting Officer)

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FORM 10-Q

RITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(
of the Securities Exchange Act of 1934

For The Quarter Ended March 31, 1992 Commission File No. 0-18785

OXBORO MEDICAL INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Minnesota	41-1391803
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

13828 Lincoln Street N.E., Ham Lake, Minnesota 55304
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (612)755-9516

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Common Stock	2,365,386
(Class)	(Outstanding at March 31, 1992)

This document consists of 13 total pages. Exhibit Index is on page 12.

OXBORO MEDICAL INTERNATIONAL, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (unaudited)	September 30, 1991
ASSETS		
CURRENT ASSETS		
Cash & cash equivalents	$ 235,453	$ 208,320
Certificates of deposit, primarily interest bearing	320,000	614,781
Receivables:		
Trade, less allowance for doubtful accounts of $11,800 and $10,500, respectively	381,474	339,538
Interest receivable	33,023	35,201
Due from shareholders	17,280	46,244
	431,777	420,983
Inventory	676,390	704,759
Other	44,148	10,691
Deferred tax benefit	225,000	225,000
Total Current Assets	1,932,768	2,184,534
PROPERTY AND EQUIPMENT:		
Building	449,991	-
Land	57,211	54,337
Furniture and equipment	347,928	273,680
	855,130	328,017
Less accumulated depreciation	(162,696)	(131,130)
	692,434	196,887
Construction in progress	-	263,156
	692,434	460,043
OTHER INVESTMENTS	515,648	747,648
OTHER ASSETS	8,576	8,819
TOTAL ASSETS	$3,149,426	$3,401,044

(continued on next page)

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS
(continued)

LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 84,342	$ 39,145
Income taxes payable	151,747	209,856
Accrued salaries, wages and payroll taxes	48,327	48,983
Accrued settlement and related legal costs	-	518,000
Other accrued expenses	117,355	180,990
Total Current Liabilities	401,771	996,974
LONG-TERM DEBT	400,000	400,000
SHAREHOLDERS' EQUITY		
Undesignated shares, $.01 par value, authorized 5,000,000 shares, no shares outstanding		
Common Stock, $.01 par value, authorized 5,000,000 shares, issued and outstanding, 2,365,386 and 2,360,886 shares, respectively	23,654	23,609
Additional paid-in capital	1,939,697	1,912,411
Retained earnings	1,490,356	1,174,102
Less:		
Stock subscription receivable from Employee Stock Ownership Plan	(138,802)	(138,802)
Deferred research and development expense	(967,250)	(967,250)
Total Shareholders' Equity	2,347,655	2,004,070
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$3,149,426	$3,401,044

See accompanying notes to condensed consolidated financial statements.

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Six Months Ended March 31		Three Months Ended March 31	
	1992	1991	1992	1991
NET SALES	$1,467,203	$1,307,666	$776,604	$670,350
Cost of Goods Sold	361,295	320,477	180,738	172,778
	1,105,908	987,189	595,866	497,572
Selling, General & Administrative Costs	626,660	598,031	330,823	319,088
NONOPERATING INCOME				
Interest income/expense	16,366	30,220	5,266	15,513
Other income	577	5,556	294	5,021
Total Nonoperating Income	16,943	35,776	5,560	20,534
INCOME BEFORE INCOME TAXES	496,191	424,934	270,603	199,018
PROVISION FOR INCOME TAXES	179,937	131,893	98,500	50,563
NET INCOME	$316,254	$293,041	$172,103	$148,455
Net Income Per Share of Common Stock (based on weighted average shares outstanding)	$ .12	$ .12	$ .07	$ .06
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	2,628,953	2,394,560	2,628,953	2,394,560

See accompanying notes to condensed consolidated financial statements.

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Six Months Ended March 31	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 316,254	$ 293,041
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	31,566	21,209
Tax benefit from carry forward of prereorganization operating losses	21,331	90,049
Change in current assets and current liabilities:		
Income taxes payable	(58,109)	31,406
Accounts receivable	(41,936)	(36,594)
Inventory	28,369	(67,518)
Other current assets	(2,315)	(4,854)
Accounts payable	45,197	46,996
Accrued expenses	(64,291)	(56,181)
Accrued settlement and related legal costs	(518,000)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(241,934)	317,554
CASH FLOWS FROM INVESTING ACTIVITIES:		
Long-term investments	-	(105,016)
Purchase of certificates of deposit and investments	(30,000)	(306,000)
Sale of certificates of deposit	324,781	
Net loss on sale of furniture and equipment	-	(9,480)
Deduction from construction in progress	263,156	-
Long term investment	232,000	-
Deductions from other assets	243	-
Purchase of property, plant and equipment	(527,113)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	263,067	(420,496)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock	6,000	2,000
Receipt on ESOP and stock subscription receivables	-	12,097
Additions to other assets	-	(187)
NET CASH PROVIDED BY FINANCING ACTIVITIES	6,000	13,910
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,133	(89,032)

(continued on next page)

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)
(continued)

	Six Months Ended March 31	
	1992	1991
CASH AND CASH EQUIVALENTS, at beginning of period	208,320	257,667
CASH AND CASH EQUIVALENTS, at end of period	$235,453	$168,635
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Income taxes	$216,715	$ 10,437

See accompanying notes to condensed consolidated financial statements.

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Interim Financial Statements

The interim financial statements are unaudited but, in the opinion of management, reflect all adjustments necessary for a fair presentation of results for such periods. The results of operations for any interim period are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Registrant's Report on Form 10-K for the year ended September 30, 1991.

2. Inventory

Inventory consists of:

	March 31, 1992	September 30, 1991
Raw materials	$347,570	$356,645
Finished goods	328,820	348,114
	$676,390	$704,759

3. Other Investments

Other investments at March 31, 1992 include:

Certificate of deposit	$400,000
Investment in limited partnership	115,648
	$515,648

The certificate of deposit is pledged under a $400,000 note payable to bank which is due December 31, 1992. Although the certificate of deposit matures in June 1992, it is required to be reinvested for consecutive 90-day terms until the note is paid.

The investment in limited partnership is a $142,000 cash investment for a 30% limited partnership interest in a partnership formed to develop processes or devices for inhibiting rejection in connection with organ transplant procedures. The general partner of the limited partnership is a corporation owned by a significant shareholder of the Company.

In addition, the Company placed 383,500 shares of common stock of the Company in escrow for release pursuant to a Stock Award

Agreement to the general partner/shareholder on the attainment of specific milestones in the development of the concept to be used in the limited partnership project. The Stock Award Agreement expires October 31, 1995. These shares have been valued at $967,250.

4. Shareholders' Equity

Changes in shareholders' equity during the six months ended March 31, 1992, were as follows:

Shareholders' equity at September 30, 1991	$2,004,070
Exercise of stock options	6,000
Collections on ESOP and stock subscriptions receivable	-0-
Tax benefit from carryforward of pre-reorganization operating losses, net	21,331
Net earnings	316,254
Shareholders' equity at March 31, 1992	$2,347,655

5. Supplemental Disclosure of Cash Flow Information

The Company paid $14,920 and $20,614 in interest during the six months ended March 31, 1992 and 1991, respectively, and received cash of $33,653 and $50,834 as interest payments during the six months ended March 31, 1992 and 1991, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

As of March 31, 1992, the Registrant had working capital of $1,530,997 as compared to $1,187,560 at September 30, 1991.

During the six months ended March 31, 1992 the Registrant's new facility was completed and the Registrant expended approximately $170,000 in costs of construction and moving.

Also during the six months ended March 31, 1992, the Registrant settled certain litigation. The settlement required payment of $485,000 cash. This payment has been made from operating capital and may affect the cash available for future operations. If necessary, the Registrant may obtain cash by mortgaging its facility or by obtaining a line-of-credit.

Except as described in the foregoing paragraphs, management is not aware of any trends, commitments, events, or uncertainties that will or are reasonably likely to result in the Registrant's liquidity increasing or decreasing in any material way. The Registrant does not currently believe that additional financing will be necessary in the foreseeable future.

Results of Operations

Net sales during the three-month and six-month periods ended March 31, 1992, increased by 15.8% and 12.2%, respectively, as compared to the corresponding periods in the previous fiscal year. These increases resulted from a combination of new customers, increased volume, and new products. The Registrant experienced an increase in the customer base while sales of current products to existing customers also increased. Unit sales increased by more than increases in dollar sales because of the competitiveness of the marketplace and the emphasis on increasing the customer base.

Gross margin was 75% for the first six months of both fiscal 1992 and fiscal 1991. The gross margin percentage has improved during second quarter versus first quarter fiscal 1992 by 2 percentage points. The Registrant has maintained prior decreases in raw materials costs, resulting from volume purchases and negotiated agreements with some vendors, but the competitiveness of the market served has reduced some of those favorable savings. The move to new facilities during the first quarter 1992 initially caused some overall decrease in gross margin but during second quarter fiscal 1992 additional efficiencies were obtained.

Selling, general and administrative expenses during the three months and six months ended March 31, 1992, increased by 4% and 5%, respectively, as compared to the corresponding periods of the previous fiscal year. The increase in expenditures consists primarily of costs related to compensation and commission increases, including bonuses based on operating results, depreciation related to the new facility, and a variety of miscellaneous expense accounts.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
11 -- Per Share Earnings Computation

(b) No Reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OXBORO MEDICAL INTERNATIONAL, INC.

By______________________________
Harley Haase
Its President

Dated: May 14, 1992

EXHIBIT INDEX

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11	Per Share Earnings Computation........................	13

Exhibit 11

OXBORO MEDICAL INTERNATIONAL, INC. AND SUBSIDIARY
PER SHARE EARNINGS COMPUTATION

	Six Months Ended March 31		Three Months Ended March 31	
	1992	1991	1992	1991
Weighted average number of common shares outstanding	2,362,370	2,135,286	2,362,370	2,135,286
Common stock equivalents due to assumed exercise of options	266,583	259,274	266,583	259,274
Total shares	2,628,953	2,394,560	2,628,953	2,394,560
Net earnings	$ 316,254	$ 293,041	$ 172,103	$ 148,455
Earnings per share	$ .12	$ .12	$ .07	$ .06

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

92-2232

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended FEBRUARY 29, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

PROCESSED BY

APR 22 1992

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Commission file number: 1-10283

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PANTHEON INDUSTRIES, INC.
(Exact name of Registrant as specified in its charter)

COLORADO (State or other jurisdiction of incorporation or organization)	86-0590956 (I.R.S. Employer Identification No.)
6900 East 2nd Street Scottsdale, Arizona (Address or principal executive offices)	85251 (Zip Code)

Registrant's telephone number including area code: (602) 970-8701

Indicate by check mark whether the Registrant (1) has filed all reports to be filed by Section 13 or 15(d) or the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days. Yes X No __

At the close of business on April 14, 1992, 92,463,188 shares of the Registrant's Common Stock, $0.0001 par value, and 2,458,231 shares of the Registrant's Preferred Stock, $0.01 par value, were issued and outstanding. The Common Stock is the only outstanding class of voting stock of the Registrant.

THIS DOCUMENT CONSISTS OF 25 PAGES.
THERE IS NO EXHIBIT INDEX.

BEST COPY AVAILABLE

PANTHEON INDUSTRIES, INC. AND SUBSIDIARIES

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PANTHEON INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	February 29, 1992	November 30, 1991
Assets		
Current assets:		
Cash	$ 697	$ 114,538
Premiums in trust	4,574,781	4,574,781
Short-term investments	263,000	263,000
Accounts receivable, net of allowance for doubtful accounts of $75,930 and $ -0-, respectively	625,701	242,227
Prepaid expenses	6,162	16,271
Total current assets	5,470,341	5,210,817
Notes receivable, net	14,320,244	9,735,789
Bank promissory notes	36,916,764	35,862,352
Investment in land & restricted securities	10,320,883	10,320,883
Property, building and equipment, net	888,937	927,880
Other assets	1,867,155	1,857,505
Total assets	$ 69,784,324	$ 63,915,226
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,164,569	$ 1,208,795
Unearned premiums	5,971,741	5,375,474
Wages, salaries and payroll taxes payable	78,790	69,700
Other accrued liabilities	685,699	233,644
Short-term borrowing	841,343	695,347
Total current liabilities	8,742,142	7,582,960
Long-term debt	10,625,374	10,624,266
Minority interest	24,116,163	23,608,196
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock; $.10 par value; 20,000,000 shares authorized; 2,458,231 and 2,106,519 shares issued and outstanding, respectively	245,823	210,652
Common stock; $.0001 par value; 100,000,000 shares authorized; 92,463,188 and 91,734,148 shares issued and outstanding, respectively	9,246	9,173
Additional paid-in capital	34,612,560	30,573,870
Notes receivable - subscriptions	(450,432)	(429,452)
Valuation Allowance	(1,666,665)	(2,222,220)
Treasury stock	(2,330,000)	(2,330,000)
Retained earnings (deficit)	(4,119,887)	(3,712,219)
Total stockholders' equity	26,300,645	22,099,804
Total liabilities and stockholders' equity	$ 69,784,324	$ 63,915,226

See Accompanying Notes to the Consolidated Financial Statements.

PANTHEON INDUSTRIES, INC AND SUBSIDIARIES
Consolidated Statements of Operations

	For the quarters ended February 29,	
	1992	1991
Premiums and other revenues:		
Premiums:		
Net premiums written	$ 877,517	$ -
Increase in unearned premium	(596,267)	
Premium earned	281,250	-
Other income	10,093	
Total revenues	291,343	-
Costs and expenses:		
Claims and claims expenses	681,250	-
Policy acquisition costs	177,236	-
Other operating costs and expenses	509,286	-
Depreciation and amortization	38,081	-
Total costs and expenses	1,405,853	-
Income (loss) from operations	(1,114,510)	-
Other income (expenses):		
Interest income	882,367	-
Interest expense	(238,824)	-
Gain (loss) on sale of assets	73,936	-
Total other income (expense)	717,479	
Minority interest in income of subsidiary	(10,637)	-
Net income (loss) before discontinued operations	(407,668)	-
Discontinued operations:		
Loss from discontinued operations	-	249,428
Realized loss on disposal of discontinued operations	-	-
Total loss on discontinued operations	-	249,428
Net loss	$ (407,668)	$ 249,428
Income (loss) per common share:		
From continuing operations	$ *	$ *
From discontinued operations	*	*
Net loss per common share	$ *	$ *
Weighted average common shares outstanding	92,098,668	56,585,392

* Less than $.01 per share

See Accompanying Notes to the Consolidated Financial Statements.

PANTHEON INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	For the quarters ended February 29,	
	1992	1991
Cash flows from operating activities		
Net income (loss)	$ (407,568)	$ 249,428
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	38,081	19,801
Amortization of notes receivable discount	(5,638,867)	
(Gain) loss on disposal of securities and investments	(3,244)	-
Minority interest in net income (loss) of consolidated subsidiaries	10,637	-
Unrealized gain (loss) of marketable securities	555,555	-
Stock issued as payment of expenses	36,452	-
Changes in operating assets and liabilities; net of acquisitions/dispositions of businesses;		
Accounts receivable	(383,474)	(296,057)
Prepaid expenses	10,109	-
Deposits	(9,650)	-
Accounts payable	(44,226)	(42,186)
Other accrued liabilities	452,055	(160,456)
Wages, taxes, and payroll taxes payable	9,090	-
Deferred revenue	596,267	-
Total adjustments	(4,371,215)	(478,898)
Net cash used by operating activities	(4,778,883)	(229,470)

-- Continued --

PANTHEON INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)

	For the years ended February 29,	
	1992	1991
Cash flows from investing activities:		
Minority interest	497,330	-
Net cash provided by investing activities	497,330	-
Cash flows from financing activities:		
Stock subscription receivable	(20,980)	-
Net borrowing of long-term debt	(2,714)	-
Net borrowing (payments) of notes payable	153,924	(5,869)
Issuance/sale of stock	4,037,482	228,300
Net cash provided by financing activities	4,167,712	222,431
Net increase (decrease) in cash	(113,841)	(7,039)
Cash at beginning of year	114,538	15,017
Cash at end of year	$ 697	$ 7,978

See Accompanying Notes to the Consolidated Financial Statements.

PANTHEON INDUSTRIES, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

February 29, 1992

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

During fiscal year 1991, Pantheon Industries, Inc. (the "Company") acquired two subsidiaries in the insurance business, Avalon Insurance Company Ltd. ("Avalon") and Tiberian Insurance Company, Ltd. ("Tiberian"), and through its ownership of Polydyne Industries, Inc. ("Polydyne") controls European International Re-Insurance Company, Ltd. ("European"). The Company, through its subsidiaries, is engaged in the surplus lines and excess liability insurance business and, to lesser extent, in the reinsurance business. Avalon and Tiberian are chartered to do business in insurance and reinsurance while European is chartered as a reinsurer. A reinsurer is a company that agrees to indemnify, for consideration, a ceding company against all or part of a loss that the latter may sustain under policies that it has issued. A surplus lines insurer in a company that underwrites risks for which insurance coverage generally is not available through a company licensed in the insured's state.

Basis of Presentation

The consolidated financial statements herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principals have been omitted. These unaudited consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1991.

The consolidated financial statements reflect all adjustments (consisting of normal recurring accruals only) which are, in the opinion of management, necessary to present fairly the consolidated financial position, results of operations, and changes in cash flow of the Company. The Company is unaware of any adjustments to or reclassification of the general ledger accounts of the Company that might be proposed by the Company's independent auditors for the year ended November 30, 1992. Operating results for interim periods are not necessarily indicative of the results which may be expected for the entire year.

Principles of Consolidation

The unaudited consolidated financial statements include the accounts of Pantheon Industries, Inc. and all of its domestic and foreign majority owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Proforma Equity Presentation

The Company's board of directors has approved a one-for-ten "reverse split" of its common stock. Also, the Company has issued shares of Class A Preferred Stock, convertible into restricted common stock of the Company upon the occurrence of certain events. These events will result in a material change to the capital structure of the Company as well as substantial dilution to present shareholders. Accordingly, the Company has provided an unaudited proforma presentation of equity transactions as if the reverse stock split has occurred and assuming conversion of the outstanding Class A Preferred Stock (see Note 8).

Reclassification

Certain reclassification have been made to the accompanying consolidated financial statements to conform with the presentation for the current period. Prior years financial information has also been restated to reflect the Company's media audio/video production business as a discontinued operation.

Insurance balance receivable

Insurance balance receivable represents premiums and agent's balances in course of collection or due to the Company's insurance subsidiaries.

Unearned premium

Unearned premium reserves are established to cover the unexpired portion of premiums written, which the insurance subsidiaries would be obligated to tender to the policyholders due to cancellation of inforce policies. As premiums are recognized as income, generally over the term of the related insurance contract or policies, the insurance subsidiaries reduce the unearned premiums by an equal amount.

Net premiums written/premiums earned

Net premiums written represent gross premiums written, direct and reinsurance assumed, less reinsurance ceded. Premiums earned represents the adjustment of the net premiums written for the increase or decrease during the year of the liability of the Company for unearned premiums.

Minority interest

Minority interest in equity of subsidiaries represents the minority shareholders' proportionate share of the equity and the income or loss of the Company's non-wholly owned consolidated subsidiaries and is classified with non-current liabilities in the accompanying balance sheet. At February 29, 1992, the Company owned approximately 81% of Polydyne Industries, Inc. The minority interest's share of the net income of the subsidiary for the quarter ending February 29, 1992 was $10,637.

The Company owns 100% of the voting common stock of Tiberian. The common stock is the only voting stock of Tiberian. Tiberian has issued $20,000,000 in par value of non-voting preferred stock to an unrelated party which is reflected as minority interest on the accompanying consolidated balance sheet of the Company. The outstanding preferred stock of Tiberian contains certain default provisions that could effect the Company's control of this consolidated subsidiary.

Income taxes

The Company intends to adopt a proposed method of accounting for income taxes, and deferred income taxes when it is adopted by the FASB. No income tax liability has been provided because of the Company's consolidated net operating loss which is available as a carryover to the year 2006. Timing differences for all periods presented are deemed to be relatively insignificant. The Company does not provide deferred taxes on the undistributed earnings of its foreign subsidiaries as such earnings are intended to be permanently reinvested in those operations. Such earnings would become taxable upon the sale or liquidation of these foreign subsidiaries or upon the remittance of the deferred tax liability on such earnings. Upon remittance, certain foreign countries impose withholding taxes that are then available, subject to certain limitations, for use as credits against the Company's U.S. tax liability, if any.

Treasury stock

Subsidiary holdings of restricted common stock in the parent is treated as treasury stock on the consolidated balance sheet and subtracted from stockholder's equity. At February 29, 1992, Avalon and European held 18,000,000 and 20,000,000 shares of the Company's restricted common stock, respectively.

NOTE 3: BANK PROMISSORY NOTES

Bank Promissory Notes consists of the following:

	February 29, 1992	November 30, 1991
Bank promissory note, $10,000,000 face amount, non-interest bearing, acquired November 26, 1991, maturity November 4, 1992. Held by Pantheon.	$ 9,464,445	$ 9,259,260
Bank promissory note, $10,000,000 face amount, non-interest bearing, acquired September 24, 1991, maturity November 4, 1992. Held by Avalon.	8,563,429	8,084,572
Bank promissory notes, $20,000,000 face amount, non-interest bearing, acquired November 30, 1991, maturity November 4, 1992. Held by Tiberian.	18,888,890	18,518,520
Bank promissory notes	$ 36,916,764	$ 35,862,352

All of the bank promissory notes listed above are bank bearer notes issued by Krung Thai Bank Limited, Bangkok, Thailand and mature on November 4, 1992. The promissory notes are held in safe keeping on behalf of the Company and its subsidiaries at three banks. The promissory notes were assigned to the Company or its subsidiaries by the original holder in exchange for various consideration as discussed below. The bank promissory notes held by Avalon and Tiberian are exclusively their ownership without any recourse by the original holder. The promissory note held by the Company is with recourse to the original holder.

The acquisition of the promissory notes were negotiated in arms-length transactions with the original holder, an unrelated party. Notwithstanding the maturity date, the Company has reflected these promissory notes as long-term assets on the accompanying balance sheet to more appropriately reflect management's current investment intent with respect to these promissory notes. The promissory notes are recorded at their present value since the right to receive the interest on the promissory notes was retained by the original holder. The discount from face amount will be amortized to income to the maturity date.

NOTE 2 - NOTES RECEIVABLE

Notes receivable consists of the following:

	February 29, 1992	November 30, 1991
Debenture, 6% per annum interest only, 7 year term, due August 1997, first interest payment due August 1991, unsecured. Issued by Amstikredit Netherlands B.V. Held by Polydyne.	$ 1,625,000	$ 1,625,000
Debenture, 6% per annum interest only, 7 year term, due June 1997, first interest payment due June 1992, unsecured. Issued by Pegasus International Holding. Held by Polydyne.	2,000,000	2,000,000
Debenture, 9% per annum interest only, 3 year term, due June 1997, first interest payment due June 1992, unsecured. Issued by Pegasus International Holding. Held by European.	6,000,000	6,000,000
Debenture, 6% per annum interest only, 7 year term, due August 1997, first interest payment due August 31, 1995, unsecured. Issued by Royal Pacific Investment. Held by Avalon.	1,125,000	1,125,000
Debenture, 8.5% per annum interest only, 4 year term, due September 15, 1995, first interest payment due August 31, 1992, unsecured. Issued by Chancery Lane. Held by Tiberian.	4,200,000	4,200,000
Less: Discount valuation	(629,756)	(5,214,211)
Notes receivable, net	$14,320,244	$ 9,735,789

Certain of the parties obligated on these debenture notes receivable are related parties. These debentures were received pursuant to exchange transactions of non-monetary assets and are valued in accordance with accounting guidelines for non-monetary transactions.

NOTE 4 - PROPERTY, BUILDING AND EQUIPMENT

Property, building and equipment are summarized as follows:

	February 29, 1991	November 30, 1991
Buildings	$ 657,920	$ 657,920
Land	93,080	93,080
Furniture, fixtures and office equipment	91,521	91,521
Vehicles	142,914	153,664
Leasehold improvements	36,358	36,358
	1,021,793	1,032,543
Less accumulated depreciation	(132,856)	(104,663)
Property, building, and equipment, net	$ 888,937	$ 927,880

NOTE 5 - SHORT-TERM BORROWING

Short-term borrowing consists of the following:

	February 29, 1992	November 30, 1990
Note payable to an unrelated individual, payable in monthly installments of interest only at 18%, due in full December, 1991. secured by a deed of trust on property owned by a minority stockholder and the personal guarantee of an officer/stockholder. In dispute.	$ 35,000	$ 35,000
Note payable to an unrelated individual, payable in monthly installments of interest only at 11% beginning July, 1991, due in full in January, 1992, secured by real property.	-	35,000
Note payable to unrelated company, interest at 15%, due August, 1991, unsecured, original principal amount of $11,065. Past due.	3,815	3,815
Note payable to an unrelated individual, interest at 15%, due December, 1991, unsecured.	-	5,000

(Continued)	February 29, 1992	November 30, 1990
Notes payable to an unrelated individual, interest at 15%, due June 1992, unsecured.	$ 32,000	$ 22,500
Note payable to an related company, interest at 15%, due August, 1991, unsecured. Past due.	6,900	4,400
Note payable to unrelated individual, interest at 10% per annum, payable quarterly, due April 1994. Owed by Polydyne.	25,000	25,000
Notes payable to related parties, interest at 10% per annum, due on demand, unsecured. Owed by European Re.	40,000	-
Notes payable to unrelated individual, interest at 15% per annum, unsecured. Due May 15, 1992.	10,000	-
Notes payable to a related company, interest at 15%, due on demand, unsecured.	204,954	178,030
Note payable to related party, interest at 15%, due May 25, 1992, unsecured.	5,000	-
Note payable to unrelated company, interest at 6%, payable semiannual, due September 1992, secured by second deed of trust on property.	104,884	104,884
Note payable to unrelated individual, due in full in June 1992, interest at 13.25%, secured with a bond and property. Pas due and in dispute (see Note 7).	240,000	240,000
Note payable to unrelated individual, interest at 12% per annum, payable semi-annually, due December 1994, unsecured. Owed by Polydyne.	100,000	-
Current Portion of long-term debt	33,790	41,718
Short-term borrowing	$ 841,343	$ 695,347

The note payable in the principal amount of $240,000 may be paid in restricted common stock of the Company at the holder's option. This note is currently in default on three interest installments totalling about $24,000.

The note payable to a related company in the principal amount of $204,954 at February 29, 1992 represent advances to the Company from Corporate Marketing Services, a related company controlled by an officer and director of the Company. The advances were used for working capital purposes under an informal agreement by such officer and director to provide interim bridge financing to the Company until the Company achieves positive cash flow from its insurance subsidiaries.

The note payable in the principal amount of $104,884 was incurred in connection with Company's purchase of an office building. The note is convertible at the option of the holder into restricted common stock of the Company.

During the quarter, Polydyne borrowed $100,000 from an unrelated investor to finance it operations which included a payment to the Company for management and expenses in connection with services rendered by the Company to Polydyne. The terms of the note are 12% interest, payable semi-annually, with principal due on December 24, 1994. The holder has the right to convert the principal and interest into restricted common stock of Polydyne at 60% of the then current market price of Polydyne's common stock. Such conversion would have the effect of reducing the Company's ownership of Polydyne.

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NOTE 6 - LONG-TERM DEBT

Long-term debt consists of the following:

	February 29, 1992	November 30, 1991
Notes payable to unrelated individuals, interest at 10 to 12% per annum, due on demand. Owed by Polydyne.	$ 25,000	$ 25,000
Installment notes payable to bank, interest at 10%, monthly payment of $324, due June 1992. Secured by vehicle. Owed by Polydyne	1,000	5,106
Installment note payable to mortgage company, interest at 10.25% per annum, monthly payment of $6,061 until 2013. Secured by office building.	607,618	609,378
Note payable to unrelated company, interest at 18%, due in monthly installments of $711 until June 1996, secured by property. Past due and in dispute (see Note 7).	25,546	26,500
Note payable to unrelated individual, due in full December 31, 1996.	10,000,000	10,000,000
Debenture note payable to GOI	-	-
Less Current Portion	(33,790)	(41,718)
Long-term debt	$ 10,625,374	$ 10,624,266

The note payable in the principle amount of $10,000,000 was issued in connection with the assignment of a short-term promissory note payable by the Krung Thai Bank, Bangkok, Thailand from the original holder. The interest payments are; $25,000 paid November 26, 1991, $600,000 on or before February 20, 1992 (amended to three equal payments of $200,000 in June, July, and August 1992), $17,500 each month for the remainder of calendar 1992 by the 5th day of each month beginning in April 1992 (amended to be due on May 5, 1992), $625,000 on or before January 15 for each of 1993, 1994, 1995, and 1996, and $17,500 in each month by the 5th day of each month beginning in March and ending in December for each of 1993, 1994, 1995, and 1996.

The Company is subject to a late payment charge of 10% of the interest payment, however the penalty will not exceed $30,000.00 for any one late payment. If the note payable is not fully paid as to principal and interest at maturity, the entire unpaid balance thereafter shall bear interest at 18% per annum or at the maximum rate of interest permitted by law in the Republic of Ireland, whichever is greater. The Company may pay the note payable in full at any date prior to December 31, 1996, by tendering back to the holder all the consideration given at the execution of the agreement or by paying all the principal and interest due at the time that notice is received by the holder. In the event the Company elects to pay the note payable in full prior to the due date, the Company must pay to the holder a fee of $ 250,000.

In June 1991, Polydyne entered into a funding agreement with a German investment group ("GOI") wherein GOI agreed to raise funding on behalf of Polydyne of up to $570,000 to be used by Polydyne for fees, costs, and expenses related to the development and operation of various fast food restaurants under the trade name Pail-o-Pasta. Polydyne simultaneously entered into a "mirror image agreement' with Primo's Food Service, Inc., d/b/a Pail-o-Pasta ("Primo's") wherein the funding would "flow through" Polydyne to Primo's to be used by Primo's in accordance with the investment intent. As funding was received pursuant to this agreement by the trustee, Polydyne issued a debenture note payable to the German investor in the amount received, adjusted for commission, fees and expenses withheld by GOI. Simultaneously, Polydyne received a debenture note receivable from Primo's in a like amount and under identical terms; 12% interest only, payable quarterly, due three years from receipt, unsecured. As of February 29, 1992, Polydyne had issued debenture notes payable and had received debenture notes receivable of approximately $239,000. These amounts are "offset" for accounting purposes and, accordingly, not reflected in the accompanying balance sheet as their inclusion would have the effect of inflating the respective balance sheet accounts.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Company may be subject to litigation pertaining to its default on certain short-term indebtedness. Such claims or assessments have not been asserted against the Company as of this date. Specifically, the Company is in default on three installments of interest only on a note payable in the principal amount of $240,000, totalling about $24,000 and is in default on three installments on a note in the principle amount of $25,546. The holder of the latter note has commenced foreclosure proceedings on the security. It is the Company's intent to cure this default prior to foreclosure.

European has guaranteed a debenture note payable by Royal, a related party, to an unrelated company, in the amount of $2,250,000. European has been notified by the holder that Royal in is default of interest on the note. Royal is in disagreement with the assets it received in exchange for the debenture. European has been in contact with both the holder and Royal to settle this issue. While it is management's opinion that this issue will be resolved without litigation, European may become involved in litigation and may incur legal expenses to defend its position.

Tiberian has sold 4,000,000 shares of its preferred stock to an unrelated individual for certain promissory notes. The outstanding preferred stock of Tiberian contains certain default provisions that could effect the Company's control of this consolidated subsidiary.

Polydyne is committed and obligated, under certain debenture notes payable issued to a German investment group, to make payments pursuant to such debentures irrespective of whether the corresponding debenture notes receivable are paid pursuant to their terms. The amount of this commitment is approximately $239,000 as of February 29, 1992.

Other than that discussed below, neither the Company nor its subsidiaries is party tu any material pending legal proceedings. The Company is not aware of any pending or threatened material litigation by any person or Governmental authority that, in the opinion of management, would have an adverse affect upon the business of the Company.

On March 5, 1992, Polydyne was sued in District Court, City and County of Denver, Colorado by Polydyne's former legal counsel. The suit claims failure to pay about $53,000. Polydyne intends to defend the suit vigorously and believes that it has adequate defenses.

On March 18, 1992, Polydyne was sued in Arizona Superior Court, Maricopa County by an individual claiming breach of an employment contract seeking treble damages of $56,000. Polydyne intends to defend the suit vigorously and believes that it has adequate defenses.

NOTE 8 - STOCKHOLDERS EQUITY

Reverse Stock Split Commitment

During fiscal 1991, the Company's Board of Directors has approved a one-for-ten "reverse stock split" of its outstanding restricted common stock. This reverse stock split will be effected subject to approval by the Company's shareholders at its next annual meeting of shareholders currently scheduled for June 1, 1992. The shares outstanding and per share data in the current period financial statements do not reflect this committed reverse stock split. However, the Company has been advised that there are the necessary votes in the affirmative to approve this reverse stock split thereby decreasing the number of issued and outstanding shares to approximately 9,246,318. Accordingly, the Company has provided an unaudited proforma presentation of equity transactions as if this reverse split and conversion of the outstanding Class A Preferred Stock had occurred (see below).

Restricted Class A Preferred Stock

The Company's Class A Preferred Stock, as referenced throughout the accompanying financial statements and Notes thereto, is convertible into shares of the Company's restricted common stock on a ten-for-one basis after giving effect to the to the reverse stock split (see above) prior to the conversion of any of the Class A Preferred Stock. The effect of the conversion of this preferred stock combined with the effect of the reverse stock split, will result in a significant change in the capital structure of the Company and substantial dilution to the current shareholders. Accordingly, the Company has provided an unaudited proforma presentation of equity transactions below.

Proforma Equity Presentation

The following is an unaudited proforma schedule of equity transactions as if the reverse stock split and the conversion of the outstanding Class A Preferred Stock had occurred and reflecting the treatment of common stock of the Company held by its consolidated subsidiaries as treasury stock:

	Common Shares	$.0001 Par Value Amount	Paid-In Capital Amount	Preferred Shares	Amount
Balance February 29, 1992 (as reported)	92,463,186	$ 9,246	$34,612,560	2,458,231	$ 245,823
Reverse Stock Split	(83,216,869)	(8,322)	8,322	-	-
Conversion of Preferred	24,582,310	2,458	24,579,852	(2,458,231)	(245,823)
Common stock held by subsidiaries	(3,800,000)	(380)	(2,329,620)	-	-
Balance February 29, 1992 (proforma basis)	30,028,629	$ 3,002	$56,871,114	-	$ -

NOTE 9 - GOING CONCERN

For the fiscal year ending November 30, 1991, the independent auditor's report included an explanatory paragraph calling attention to a going concern issue. The accompanying consolidated financial statements have been prepared contemplating continuation of the Company as a going concern. However, the Company has sustained operating losses in recent years and has used substantial amounts of working capital in its operations. Further, at February 29, 1992, current liabilities exceed current assets by approximately $3,271,801 and a significant portion of the Company's assets relate to non-current items which may not readily be converted to cash to provide working capital. In addition, at February 29, 1992 certain notes payable, with outstanding principal balances and accrued interest totalling approximately $264,000 were in default. Management has proposed alternatives in an attempt to settle these obligations.

In view of these matters, realization of a major portion of the assets is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financing requirements, and the success of its future operations. Management believes that actions presently being taken to revise the Company's operating and financial requirements provide the opportunity for the Company to continue as a going concern. Such actions include the acquisitions of companies in the insurance and reinsurance businesses. Management expects these companies to provide positive cash flow. In addition, the Company has acquired notes receivable and other assets to enhance its balance sheet and improve future liquidity and has consolidated the operations of itself and its subsidiaries. The Company has made short-term financing arrangements with an officer and director through his solely held company to provide interim financing.

NOTE 10 - SUBSEQUENT EVENTS

Between March 1, 1992 and April 1992, the Company has raised additional short-term financing of approximately $25,000 in the form of borrowed funds from related and unrelated parties. The Company has issued promissory notes with varying interest rates and due dates.

On April 15, 1992, the Company entered into an agreement with Gemburst, Ltd., a related party company, solely controlled by Kevin P. Chapman, an officer of the Company, and with Mr. Chapman individually wherein the Company reacquired 357,173 shares of its Class A Preferred Stock and returned 2,767,125 shares of restricted common stock of Polydyne plus 750,000 shares of preferred stock of Polydyne. The agreement essentially "unwound" the transaction in the November 30, 1992 agreement between the two parties. Pursuant to the agreement, both the Class A Preferred Stock of the Company and common and preferred stock of Polydyne will be returned to the perspective company's treasury and retired. As a result, the ownership of Polydyne by the Company will not materially change.

On April 14, 1992, Polydyne agreed to directly assume a note payable to Bel Caro Bank of Denver, Colorado in the principle amount of $14,000. This note was originally payable by Barsley Financial Group, a company controlled by a current director of Polydyne and former president. In exchange for the assumption of this note, the director agreed to release certain amounts owned by Polydyne to this director in the amount of approximately $96,000. This resulted in an approximate $73,000 gain on debt settlement which was recorded during the quarter ended February 29, 1992.

Item 2. Management's discussion and analysis of financial conditions and results of operations.

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in these notes.

To fully explain the liquidity and capital resources of the Company as of February 29, 1992 and for the quarter then ended, it is important to understand the nature of the Company's business. The Company, since May 15, 1991, has been involved in a restructuring and reorganization plan and acquire companies and assets through the issuance of its Class A Preferred Stock and/or through the exchange of existing assets. The Company's new primary focus will be in the insurance businesses.

Liquidity and Capital Resources - February 29, 1992 compared to November 30, 1991

During the quarter, the Company continued to address its severe liquidity crisis which had been caused from continuing losses in the prior year from operations, by commencing active operations in the insurance and reinsurance businesses and development of new businesses, as discussed above. The Company's liquidity is reflected in the table below, which shows comparative working capital and the comparative ratio of current assets to current liabilities. Working capital is an important measure to the Company's ability to meet it short-term obligations.

	February 29, 1992	November 30, 1991
Working capital (deficit)	$(3,271,801)	$(2,372,143)
Current ratio (*)	.62	.69

(*) Excluding the premium in trust and unearned premiums on the accompanying consolidated balance sheet as a current asset and a current liability, respectively, the current ratio is .32. This ratio more appropriately reflects the Company's current measure of liquidity and the ability to meet its current obligations.

The Company's financial condition at February 29, 1992 reflects an immediate inability to meet its short-term obligations. This condition continues at April 14, 1992 as the Company's active insurance operations have only recently commenced late in the fiscal quarter. Until cash flow from the insurance operations are generated, the Company is relying on short-term borrowing to finance it operations currently.

As of February 29, 1992, Corporate Marketing Services, a related party owned by an officer and director of the Company, has loaned substantial funds to Polydyne (approximately $200,000) and to the Company (approximately $205,000) and has committed to bridge the Company with additional funding. Currently, this has been insufficient to allow the Company to pay debt and payables as they fall due in a timely manner. In addition, as of April 14, 1992, the Company has raised additional short-term financing of approximately $185,000 in the form of borrowed funds from related and unrelated parties.

Immediately, the Company believes that its balance of cash and cash equivalents together with funds generated from operations will not be sufficient to meet its operating cash requirements. Accordingly, the Company expects that it will continue to incur short-term borrowing from time to time to finance its working capital needs. In addition, substantial portion of the Company's cash, cash equivalents, and short-term investments are held by foreign subsidiaries, generally in U.S. denominated holdings. However, the Company believes that such cash generated from the subsidiaries' insurance operations during the second half of fiscal 1992 will be sufficient to meet its operating needs. In particular, the Company must make interest payments on its short-term borrowing of about $200,000 each month for June, July and August 1991 and has two interest installments totalling $35,000 due on May 5, 1992. The Company anticipates that such payments will be generated from the cash flow of the Company's insurance subsidiaries. If not, the Company will have to turn to short-term loans which may be at more unfavorable terms, if at all.

It is not possible to project net cash to be generated by operations during the coming fiscal year. In general, the insurance business creates revenue (premiums) which are generally reduced by ceding commissions of about 30% which results in net premiums of 70% to cover acquisition costs, operating costs, overhead and actual claims expenditures. The Company's goal is to target claims reserves and paid losses of 50% to 60% resulting in net profits of 8% to 15% of premiums written. Management believes that the expected gross premiums to be written in the second half of fiscal 1992, net of claims and costs, will be sufficient to cover the Company's costs.

Nonetheless, during fiscal 1992 the Company is planning a private placement upon the completion of its shareholders meeting. The proposed private placement is anticipated to raise $15 million in funding in Europe. This private placement will enhance the reserve liquidity for the insurance companies and bring a stronger negotiating position for the managing directors in the treaty closing of a higher percentage of premiums. There are no assurances such offering will be successful.

Capital Expenditures and Commitments

During the quarter ended February 29, 1992, the Company has not incurred any material capital expenditures. The Company has no current commitments for material capital expenditures, such as additional capital equipment. However, the Company is committed to general business expansion, which may require it to expand its internal computer facilities. This is not expected to be more than $25,000 to $50,000 initially.

The Company believes its need for additional capital will continue because of the need to develop and market its insurance business. The amount of such additional capital required is uncertain and may be beyond that generated from operations. If in this case, additional capital may come from the sale of equity or debt securities. There can be no assurance that the Company will be able to obtain any such capital on satisfactory terms.

Management continues to assess the contribution to earnings of each capital asset versus its value upon sale and may dispose of those items which are deemed to be unproductive or whose sale is necessary to further generate cash needed for operations.

Results of Operations - The quarter ended February 29, 1992 compared to the quarter ended February 29, 1992.

The results of operations for the quarter ending February 29, 1992 and 1991 cannot be meaningfully compared, as the Company has exited its historical video and audio production business, which attributed to the results for the first quarter of the 1991 periods. The 1991 results are attributed to limited insurance operations written by Avalon offset by general operating expenses of the Company and all of its insurance subsidiaries.

In addition to interest income and expense, the Company realized a gain on the exchange of certain assets during 1992 of about $73,000 from the settlement of certain outstanding debts of its subsidiaries (see Note 10).

The primary focus of operations and sales in the next quarter and the remainder of the fiscal year 1992 will be first party insurance business and, to a lesser extent, the reinsurance business. The ability to generate positive cash flow from operations is dependant upon successfully negotiating treaties and accurately calculating the underlying insurance risk to keep loss claims to a minimum. While the Company's insurance subsidiaries have not experienced any material loss claims, there are inherent risks associated with the insurance business, although management believes that a lower risk exists in specialty insurance fields in which the Company will engage. Accordingly, no assurance as to the immediate generation of cash flow or future profitability can be given though management's projected return is eight to fifteen percent.

Since the Company has operated at a cumulative net loss from its inception to date, no provision has been made for income taxes. In late 1987, the Internal Revenue Code (the "Code") was amended, retroactive to April 1986, impacting the utilization of net operating loss carry forwards ("NOL") for companies which experience a "change in control", as defined in the Code. The Company has not made a determination of its NOL utilization, however, it is likely that its NOL may be limited and may expire before it can be fully utilized.

Factors that may effect future results

A number of uncertainties exist that may effect the Company's future operating results including the possibility of uncertain general economic conditions, market acceptance of the Company's new insurance products, the Company's ability to manage expense growth and the ability to project future risk losses on its lines of insurance and numerous other competitive factors. Because of the Company's change in business focus, past performance should not be a reliable indicator of future performance.

The Company's insurance subsidiaries are subject to regulation and supervision in every jurisdiction in which they do business. The nature and extent of such regulation varies, but generally delegates administrative powers to state insurance commissioners. Such regulation and supervision relate, among other things, to the standards of solvency which must be met and maintained and to the annual reports required to be filed on the financial condition of insurers. Since the Company's insurance subsidiaries have only recently commenced business, their financial condition and solvency may be challenged in certain states where they wish to do business. The Company cannot project the impact that this may have on the subsidiaries' ability to write insurance.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Registrant and its insurance subsidiaries may be named as defendants in litigation in the ordinary course of conducting an insurance business. These lawsuits generally seek to establish liability under insurance or reinsurance contracts issued by the subsidiaries, and occasionally seek punitive or exemplary damages. In a number of cases, plaintiffs seek to establish coverage for their coverage for their liability under environmental protection laws.

The Registrant is not aware of any pending or threatened material litigation to which the Registrant or any of its subsidiaries or their property are subject and which, in the opinion of management, would have a material adverse effect upon the business of the Registrant.

The Securities and Exchange Commission (the "SEC") is conducting an informal inquiry into the valuation of assets received in certain non-monetary transactions of the

Registrant. While the Registrant has voluntarily complied with the SEC's requests for information, there can be no assurance that the Registrant will not become subject to a formal SEC investigation or to litigation arising out of such inquiry.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports of Form 8-K

(a) Exhibit Index

None.

(b) Reports on Form 8-K

	Filing date
Change in Company's Certifying Accountants - Appointment of Denton, Netherton + Co., P.C.	January 3, 1992
Agreement of Exchange - Tiberian Insurance Company, Ltd.	March 16, 1992

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

DATED: Scottsdale, Arizona
April 20, 1992

PANTHEON INDUSTRIES, INC.
Registrant

By: Arthur W. Taylor
Arthur W. Taylor
Chief Executive Officer

By:
Lanny R. Lang
Chief Financial Officer, Treasurer and
Secretary (Principle Accounting Officer)

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

X QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 28, 1992

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ....to ....

COMMISSION FILE NUMBER 1-3619

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PFIZER INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-5315170 (I.R.S. Employer Identification No.)

235 East 42nd Street, New York, New York 10017
(Address of principal executive offices)
(Zip code)

(212) 573-2323
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ....

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

At July 24, 1992, there were 329,855,958 shares, par value $.10, of the issuer's common stock outstanding.

(REMAINDER OF PRECEDING PAGE)

FORM 10-Q

For the Quarter Ended
June 28, 1992

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PFIZER INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

	Three Months Ended		Six Months	
	June 28, 1992	June 30, 1991	June 28, 1992	Ju
(millions of dollars, except per share data)				
Net sales..............................	$ 1,694.2	$ 1,631.1	$ 3,455.5	$
Operating costs and expenses				
Cost of goods sold....................	494.4	518.2	980.4	
Marketing, distribution and administrative expenses..............	711.4	684.6	1,390.1	
Research and development expenses.....	214.0	181.7	401.8	
Divestitures, restructurings and unusual items - net..................	(56.5)	-	(56.5)	
Income from operations...................	330.9	246.6	739.7	
Interest income........................	46.1	47.4	91.4	
Interest expense.......................	(25.5)	(30.3)	(54.8)	
Other income...........................	9.2	7.6	15.2	
Other deductions.......................	(32.5)	(25.0)	(64.2)	
Non-operating income (deductions) - net................	(2.7)	(.3)	(12.4)	
Income before provision for taxes on income and minority interests..........	328.2	246.3	727.3	
Provision for taxes on income............	124.1	66.5	227.9	
Income before minority interests........	204.1	179.8	499.4	
Minority interests......................	.3	.7	.5	
Net income..............................	$ 203.8	$ 179.1	$ 498.9	$
Earnings per common share...............	$ .61	$ .53	$ 1.48	$
Cash dividends per common share.........	$ .37	$ .33	$ .74	$

See accompanying Notes to Condensed Consolidated Financial Statements.
</TABLE>

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Y COMPANIES
MENT OF INCOME

onths Ended		Six Months Ended	
,	June 30, 1991	June 28, 1992	June 30, 1991
.2	$ 1,631.1	$ 3,455.5	$ 3,326.8
.4	518.2	980.4	1,043.4
.4	684.6	1,390.1	1,309.8
.0	181.7	401.8	354.3
.5)	-	(56.5)	-
.9	246.6	739.7	619.3
.1	47.4	91.4	97.1
.5)	(30.3)	(54.8)	(61.4)
.2	7.6	15.2	16.0
.5)	(25.0)	(64.2)	(56.9)
.7)	(.3)	(12.4)	(5.2)
.2	246.3	727.3	614.1
.1	66.5	227.9	165.8
.1	179.8	499.4	448.3
.3	.7	.5	1.8
.8	$ 179.1	$ 498.9	$ 446.5
==	=========	=========	=========
61	$ .53	$ 1.48	$ 1.32
==	=========	=========	=========
37	$ .33	$ .74	$ .66
==	=========	=========	=========

ancial Statements.

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(REMAINDER OF PRECEDING PAGE)

PFIZER INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEET

millions of dollars)	June 28, 1992*	Dec. 31, 1991**	June 30, 1991*
ASSETS			
Current Assets			
Cash and cash equivalents........................	$ 941.9	$1,317.6	$ 675.8
Short-term investments, at cost, which approximates market value...........................	484.1	230.5	167.9
Accounts receivable, less allowances June 28, 1992 - $38.1; Dec. 31, 1991 - $38.8; June 30, 1991 - $41.5..................	1,460.1	1,403.9	1,383.6
Short-term loans................................	606.9	352.6	655.5
Inventories			
Finished goods..............................	508.5	471.2	503.1
Work in process..............................	425.2	461.5	447.2
Raw materials and supplies..................	233.9	238.8	251.8
Total inventories..........................	1,167.6	1,171.5	1,202.1
Prepaid expenses and taxes........................	342.7	332.1	276.3
Total current assets........................	5,003.3	4,808.2	4,361.2
Long-term loans and marketable securities, at cost...	972.7	1,337.8	1,227.1
Property, plant and equipment, less accumulated depreciation June 28, 1992 - $1,612.1; Dec. 31, 1991 - $1,626.5; June 30, 1991 - $1,540.5..........	2,429.7	2,381.0	2,161.5
Goodwill, less accumulated amortization.............	344.5	383.6	483.1
Other assets and deferred charges..................	804.9	724.0	592.7
Total assets................................	$9,555.1	$9,634.6	$8,825.6
	========	========	========

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LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities			
Short-term borrowings, including current portion of long-term debt June 28, 1992 - $2.8; Dec. 31, 1991 - $13.8; June 30, 1991 - $17.5..	$1,055.6	$1,691.1	$1,558.4
Accounts payable..............................	446.1	462.9	411.0
Dividends payable..............................	122.0	-	109.7
Income taxes payable..............................	439.9	358.5	300.8
Accrued compensation and related items..........	318.7	287.6	267.3
Other current liabilities..............................	775.9	620.4	614.5
Total current liabilities....................	3,158.2	3,420.5	3,261.7
Long-term debt..............................	581.0	396.6	157.2
Deferred income..............................	36.2	50.1	90.5
Deferred taxes on income..............................	289.6	284.8	331.0
Other non-current liabilities..............................	423.3	421.9	125.6
Minority interests..............................	32.5	34.4	31.7
Total liabilities..............................	4,520.8	4,608.3	3,997.7
Shareholders' Equity			
Preferred stock..............................	-	-	-
Common stock..............................	33.5	33.2	33.1
Additional paid-in capital....................	272.7	212.5	165.2
Retained earnings..............................	4,927.9	4,794.9	4,627.7
Currency translation adjustment....................	149.2	157.8	85.7
	5,383.3	5,198.4	4,911.7
Less common stock in treasury, at cost..........	349.0	172.1	83.8
Total shareholders' equity....................	5,034.3	5,026.3	4,827.9
Total liabilities and shareholders' equity.	$9,555.1	$9,634.6	$8,825.6
	========	========	========

* Unaudited

** Condensed from audited financial statements.

See accompanying Notes to Condensed Consolidated Financial Statements.

PFIZER INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

(millions of dollars)	Six Months Ended June 28, 1992	Six Months Ended June 30, 1991
Operating Activities		
Net income..	$ 498.9	$ 446.5
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization of intangibles...............	130.2	123.4
Deferred income amortization..............................	(41.3)	(50.1)
Other - net..	8.6	9.3
Changes in operating assets and liabilities, net of effect of businesses divested:		
Accounts receivable..............................	(151.8)	(100.0)
Inventories..............................	(142.2)	(135.4)
Prepaid and other assets..............................	(109.0)	(34.7)
Accounts payable and accrued liabilities..................	(31.7)	39.6
Income taxes payable..............................	26.2	1.6
Other deferred items..............................	6.8	8.1
Net cash provided by operating activities..................	194.7	308.3
Investing Activities		
Purchases of property, plant and equipment..................	(275.8)	(255.9)
Purchases of short-term investments..................	(215.2)	(101.1)
Proceeds from redemptions of short-term investments.........	206.8	89.0

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Proceeds from sales of businesses	670.0	-
Purchases of long-term investments	(55.4)	(67.6)
Purchases and redemptions of short-term investments by banks* - net	(163.0)	85.0
Decrease in loans and long-term investments by banks* - net.	43.3	113.7
Other investing activities - net	14.6	26.9
Net cash provided by/(used in) investing activities	225.3	(110.0)
Financing Activities		
Proceeds from issuances of long-term debt	255.8	18.0
Repayments of long-term debt	(66.3)	(22.8)
Decrease/(increase) in short-term debt - net	(609.4)	84.3
Employee benefit transactions	27.0	101.4
Purchases of common stock	(159.1)	(340.2)
Cash dividends paid	(244.0)	(218.9)
Other	4.9	2.9
Net cash used in financing activities	(791.1)	(375.3)
Effect of exchange rate changes on cash and cash equivalents..	(4.6)	(17.5)
Net decrease in cash and cash equivalents	(375.7)	(194.5)
Cash and cash equivalents balance at beginning of period	1,317.6	870.3
Cash and cash equivalents balance at end of period	$ 941.9	$ 675.8
	========	========

* Transactions of Pfizer's banking operations in Puerto Rico and Ireland
See accompanying Notes to Condensed Consolidated Financial Statements.

PFIZER INC. AND SUBSIDIARY COMPANIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1: Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted.

Subsidiaries operating outside the United States generally are included on the basis of interim periods ended May 24, 1992 and May 26, 1991.

Note 2: Responsibility for Interim Financial Statements

Pfizer Inc. (the "Company") is responsible for the accompanying unaudited interim financial statements which reflect all normal and recurring adjustments considered necessary for a fair presentation of the results for the periods presented.

The interim financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's latest annual report on Form 10-K.

The results of operations for the interim periods ended June 28, 1992 are not necessarily indicative of the results which ultimately might be expected for the current year.

Note 3: Long-Term Debt

Substantially all of the 8 3/4% Convertible Subordinated Debentures Due 2006 were converted during the second quarter. The remainder plus the 8 1/2% Sinking Fund Debentures Due 1999 were redeemed on April 15, 1992.

Note 4: Earnings Per Common Share

Earnings per common share are computed by dividing net income, adjusted for interest expense (net of taxes) relating to assumed debenture conversions, by the weighted average number of common shares and common share equivalents outstanding. Common share equivalents consist of shares issuable upon exercise of stock options and conversion of the 8 3/4% Convertible Subordinated Debentures Due 2006. The weighted average number of common shares and common share equivalents totaled 337.6 million and 340.1 million for the first six months of 1992 and 1991, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

Note 5: Currency Impact

An analysis of the changes in the Currency translation adjustment included in the Shareholders' Equity section for the six months ended June 28, 1992 is as follows:

(millions of dollars)	(Debit)/Credit
Currency translation adjustment December 31, 1991	$ 157.8
Translation adjustments and gains and losses from certain hedges and intercompany balances	(8.6)

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(REMAINDER OF PRECEDING PAGE)

Currency translation adjustment June 28, 1992	$ 149.2 ========

Note 6: Interest and Income Tax Payments

The Company made interest payments of approximately $47 million and $62 million and income tax payments of approximately $152 million and $173 million during the first six months of 1992 and 1991, respectively.

Note 7: Restructuring Credit

Operating income for the second quarter and six months of 1992 includes a restructuring credit of $56.5 million ($3.0 million after-tax gain) relating to the divestiture and restructuring of certain of the Company's businesses. In June 1992, the Company sold its Coty line of fragrances and cosmetics for gross proceeds of approximately $440 million, resulting in a pre-tax gain of $244.0 million. The gain was offset by $187.5 million in charges associated with the restructuring, consolidation and streamlining of certain businesses. Included in these charges are provisions, among others, for various Pharmaceutical International restructuring expenses, the restructuring of the Infusaid implantable infusion pump business of the Hospital Products Group, the decommissioning of certain facilities of the U.S. Pharmaceuticals Group and restructuring of the Specialty Chemicals and Minerals' operations.

Note 8: Divestiture

In March 1992, the Company closed the transaction to sell certain product lines of Shiley Incorporated and other assets to Sorin Biomedica S.p.A. The purchase price was approximately $230 million in cash. The gain on this transaction will be used to offset costs associated with the pending Shiley Heart Valve Claims' Settlement Agreement announced in January 1992.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Pfizer Inc.:

We have reviewed the condensed consolidated balance sheet of Pfizer Inc. and subsidiary companies as of June 28, 1992 and June 30, 1991 and the related condensed consolidated statements of income for each of the three-month and six-month periods then ended and cash flows for the six-month periods then ended, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Pfizer Inc. and subsidiary companies as of December 31, 1991, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 27, 1992, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1991, is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

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KPMG PEAT MARWICK

New York, New York
August 7, 1992

Item 2. Management's Discussion and Analysis

PFIZER INC. AND SUBSIDIARY COMPANIES
(REMAINDER OF PAGE FOLLOWS)

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONDENSED CONSOLIDATED STATEMENT OF INCOME

FOR THE PERIODS ENDED JUNE 28, 1992 AND JUNE 30, 1991

Second Quarter		Six Months			Percent Increase/(Decrease) Comparison	
1992 % of Net Sales	1991 % of Net Sales	1992 % of Net Sales	1991 % of Net Sales		2nd Qtr. 1992 From 2nd Qtr. 1991	6 Mos. 1992 From 6 Mos. 1991
100.0	100.0	100.0	100.0	Net sales	4	4
				Operating costs and expenses		
29.2	31.8	28.4	31.4	Cost of goods sold	(5)	(6)
42.0	42.0	40.2	39.4	Other expenses (1)	4	6
12.6	11.1	11.6	10.6	Research and development	18	13
(3.3)	-	(1.6)	-	Divestitures, restructurings and unusual items - net	*	*
19.5	15.1	21.4	18.6	Income from operations	34	19
2.7	2.9	2.7	2.9	Interest income	(3)	(6)
(1.5)	(1.9)	(1.6)	(1.8)	Interest expense	(16)	(11)
.6	.5	.4	.5	Other income	21	(5)
(1.9)	(1.5)	(1.9)	(1.7)	Other deductions	30	13
(.1)	-	(.4)	(.1)	Non-operating income/(deductions) - net	800	138
19.4	15.1	21.0	18.5	Income before provision for taxes on income and minority interests	33	18
				Provision for taxes on		

7.4	4.1	6.6	5.0	income	87	37
12.0	11.0	14.4	13.5	Income before minority interests	14	11
-	-	-	.1	Minority interests	(57)	(72)
12.0	11.0	14.4	13.4	Net income	14	12
$ .61	$ .53	$ 1.48	$ 1.32	Earnings per common share	15	12
$ .37	$ .33	$ .74	$ .66	Cash dividends per common share	12	12
37.8%	27.0%	31.3%	27.0%	Effective tax rate		

(1) Consists of marketing, distribution and administrative expenses
* No comparable amounts in 1991.

Item 2.

PFIZER INC. AND SUBSIDIARY COMPANIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONSOLIDATED
NET SALES BY BUSINESS SEGMENTS
FOR THE PERIODS ENDED JUNE 28, 1992 AND JUNE 30, 1991
(MILLIONS OF DOLLARS)

Second Quarter 1992	% of Net Sales	1991	% of Net Sales		Percent Increase/(Decrease) Compariso 2nd Qtr. 1992 From 2nd Qtr. 1991
$1,274.6	75.2	$1,177.9	72.2	Health Care	8
96.6	5.7	153.4	9.4	Consumer Products*	(37)
132.6	7.8	118.2	7.3	Animal Health	12
190.4	11.3	181.6	11.1	Specialty Chemicals and Minerals	5
$1,694.2	100.0	$1,631.1	100.0	Consolidated	4

* Excludes operations of Coty and Oral Care International (sold in the fourth quarter of 1991) for the second quarter of 1992.

Six Months 1992	% of Net Sales	1991	% of Net Sales		Percent Increase/(Decrease) Comparis Six Months 1992 From Six Months 1991
$2,598.2	75.2	$2,423.1	72.8	Health Care	7
225.8	6.5	294.2	8.9	Consumer Products**	(23)
265.1	7.7	248.8	7.5	Animal Health	7
				Specialty Chemicals	

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366.4	10.6	360.7	10.8	and Minerals	2
$3,455.5	100.0	$3,326.8	100.0	Consolidated	4
========	=====	========	=====		

** Excludes operations of Coty for the second quarter of 1992 and Oral Care International (sold in the fourth quarter of 1991) for the first six months of 1992.

Item 2.

PFIZER INC. AND SUBSIDIARY COMPANIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONSOLIDATED NET SALES BY GEOGRAPHIC AREA
FOR THE PERIODS ENDED JUNE 28, 1992 AND JUNE 30, 1991
(MILLIONS OF DOLLARS)

Second Quarter					
1992	% of Net Sales	1991	% of Net Sales		Percent Increase/(Decrease) Comparison 2nd Qtr. 1992 From 2nd Qtr. 1991
$ 884.0	52.2	$ 858.6	52.6	United States	3
405.1	23.9	408.6	25.1	Europe	(1)
247.5	14.6	226.8	13.9	Asia	9
120.6	7.1	102.4	6.3	Canada/Latin America	18

37.0	2.2	34.7	2.1	Africa/Middle East	7
$1,694.2	100.0	$1,631.1	100.0	Consolidated	4
========	=======	========	=======		

Six Months 1992	% of Net Sales	1991	% of Net Sales		Percent Increase/(Decrease) Comparison Six Months 1992 From Six Months 1991
$1,885.4	54.6	$1,798.0	54.0	United States	5
794.3	23.0	809.6	24.3	Europe	(2)
477.7	13.8	459.0	13.8	Asia	4
225.7	6.5	191.4	5.8	Canada/Latin America	18
72.4	2.1	68.8	2.1	Africa/Middle East	5
$3,455.5	100.0	$3,326.8	100.0	Consolidated	4
========	=======	========	=======		

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

There was no material effect during the reporting period on earnings per common share data resulting from changes in the number of common shares and common share equivalents outstanding.

NET SALES

The following statistical data are provided in order to assist the reader of the Company's condensed consolidated financial statements to better understand the composition of changes affecting the increase in net sales.

SALES GROWTH ANALYSIS

	% INCREASE/(DECREASE) COMPARISON SECOND QUARTER 1992 FROM SECOND QUARTER 1991	SIX MONTHS 1992 FROM SIX MONTHS 1991
Volume increases	1	2
Price increases	3	3
Currency fluctuations	-	(1)
Total net sales increase	4	4
	===	===

Consolidated net sales rose by 4% in both the second quarter and first six months of 1992 to $1,694.2 and $3,455.5 million, respectively. The primary factor causing the second quarter sales increase was a 10% rise in unit volume, offset by 9% applicable to the net sales of divested and closed businesses, which include Shiley, Deknatel and Pfizer Laser Systems in the Hospital Products Group, the Coty line of fragrances and cosmetics and Oral Care International in the Consumer Products segment. For the first six months of 1992, there was a 9% rise in unit volume, offset by 7% applicable to the net sales of divested and closed

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businesses. Sales of the Coty business are included for the first quarter but not for the second quarter when the business was sold. The 3% price increases reflected in both the second quarter and six months of 1992 reflect a carryover effect of price increases implemented in the latter half of 1991.

The health care sales growth of 8% in the second quarter of 1992 versus last year reflects a 17% increase in worldwide sales of pharmaceuticals and a 16% decrease in worldwide sales of hospital products. For the first six months of 1992, worldwide pharmaceutical sales increased 15%, while worldwide sales of hospital products decreased 17%. Excluding the sales of recently divested businesses, worldwide hospital products sales increased 9% in the second quarter and 8% in the first six months of 1992, respectively. The increase in pharmaceutical sales in the quarter was primarily attributable to the sales of the newly introduced Zoloft and Zithromax in the U.S. combined with the strong performance of the Company's other new pharmaceuticals such as Procardia XL,

Diflucan, Norvasc, Unasyn and Cardura. Sales of these seven products were 46% higher than a year ago in the quarter and 53% higher in the six months and accounted for substantially all of the pharmaceutical sales increases for both periods. While there was a significant decline in sales of Procardia capsules, total Procardia (Procardia XL and capsules combined) showed a 19% increase in the quarter and a 23% increase in the first six months of 1992. Glucotrol sales were up 21% in the quarter and 15% in the first six months, while Feldene sales declined 3% in the quarter and 10% in the first six months of 1992.

In November, 1990, Congress passed as part of the Omnibus Budget Reconciliation Act a law requiring pharmaceutical manufacturers to pay rebates to state Medicaid programs. The law became effective January 1, 1991. Medicaid rebates reduced net sales by $11.3 and $7.8 million in the second quarters of 1992 and 1991, respectively and by $22.3 and $16.1 million in the first six months of 1992 and 1991, respectively.

OPERATING COSTS AND EXPENSES

Operating income for the second quarter and six months of 1992 includes a restructuring credit of $56.5 million ($3.0 million after-tax gain) relating to the divestiture and restructuring of certain of the Company's businesses. In June, the Company sold its Coty line of fragrances and cosmetics for gross proceeds of approximately $440 million, resulting in a pre-tax gain of $244.0 million. The gain was offset by $187.5 million of charges associated with the restructuring, consolidation and streamlining of certain businesses. Included in these charges are provisions, among others, for various Pharmaceutical International restructuring expenses, the restructuring of the Infusaid implantable infusion pump business of the Hospital Products Group, the decommissioning of certain facilities of the U.S. Pharmaceuticals Group and restructuring of the Specialty Chemicals and Minerals' operations.

The Coty line of cosmetics and fragrances, a part of the Company's consumer products segment was sold in June, 1992. Coty reported net sales of approximately $280 million and operating profit of approximately $40 million in 1991. Coty is a seasonal business with most of its operating profit generated in the third quarter offsetting operating losses in the first half. Sales for the third and fourth quarters of 1991 were $108 and $102 million, respectively, while operating profits were $42 and $6 million, respectively, for the same periods.

As a percentage of net sales, cost of goods sold decreased in the second quarter and first six months of 1992 compared to the same periods of 1991. The improvement was essentially attributable to divestitures of low margin businesses, cost reductions, including lower royalty expenses, and favorable product mix. Marketing, distribution and administrative expenses, as a percentage of net sales, were the same as last year in the second quarter and increased versus last year's first six months. This increase reflects the cost of new product introductions and the expansion of the Company's worldwide sales force. Operating margins increased in the second quarter and first six months of 1992 versus last year's comparable periods even excluding the restructuring credit. The decrease in cost of goods sold as a percentage of net sales more than offset the increase in the first half's marketing, distribution and administrative expenses as well as the increases in research and development expenses for the second quarter and first half as a percentage of net sales.

The Company is committed to an expanding research effort, particularly in the health care segment. Health care research and development expenses, expressed as a percentage of health care net sales, were 13.5% and 13.1% in the first six months of 1992 and 1991, respectively. In 1992, the Company plans to increase its total research and

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development expenses to approximately $880 million, up approximately 16% from $757 million in 1991. In addition, the Company is in the final stages of expanding its research facilities in Groton, Connecticut and Sandwich, England at a projected capital expenditure of more than $500 million.

NON-OPERATING INCOME (DEDUCTIONS)

The increase in other deductions in the second quarter and first six months of 1992 was primarily attributable to exchange losses of $4.4 million in the second quarter and $7.6 million in the first six months of 1992, respectively, versus exchange losses of $.9 and $2.0 million, respectively, in the comparable periods of 1991.

For the second quarter and first six months of 1992, the decrease in interest income versus last year was due to lower interest rates, partially offset by higher levels of interest earning assets. The decrease in interest expense in the second quarter and first six months of 1992 versus last year's comparable periods was primarily due to lower interest rates, partially offset by higher borrowing levels.

PRE-TAX AND NET INCOME

The effective tax rate for the first six months of 1992 was 31.3%. Excluding the net gain relating to the divestiture and restructuring of certain of the company's businesses, the effective tax rate for the first six months of 1992 would have been 26.0%. This includes a tax benefit related to Puerto Rican operations of 10.2%. The effective tax rate for the first six months of 1991 was 27.0% which included a tax benefit related to Puerto Rican operations of 9.7%.

OTHER

In the first six months of 1992, 2,206,400 shares were purchased on the open market at a cost of $159.1 million. In the first six months of 1991, 5,963,500 shares were purchased on the open market at a cost of $318.7 million, 330,000 shares were purchased from the Company's Retirement and Annuity Plan at a cost of $18.9 million and 50,000 shares were purchased from the Company's Savings and Investment Plan at a cost of $2.6 million.

On August 3, 1992 the Company announced that is has received final approval from the U.S. Food and Drug Administration for Norvasc (amlodipine besylate), its new calcium channel blocker for once-daily treatment of hypertension and angina. Norvasc has been available since January 1990 in international markets, where it has performed exceptionally well. In fact, it is the number one calcium channel blocker in a number of countries.

The Company expects to launch Norvasc early in the fourth quarter of 1992. The product will join Zoloft, Pfizer's new serotonin reuptake inhibitor class antidepressant, and Zithromax, a new azalide once-daily antibiotic, in the list of new products Pfizer has launched this year.

ANALYSIS OF LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents and short-term investments, totaled $1,426.0 million at June 28, 1992, as compared to $1,548.1 million at year-end 1991. Total borrowings were $1,636.6 million at June 28, 1992, compared to $2,087.7 million at year-end 1991. At June 28, 1992, working capital increased versus December 31, 1991 and June 30, 1991. The increase from December 31, 1991 was primarily attributable to decreases in short-term borrowings and increases in short-term loans, short-term investments and accounts receivable. This was partially offset by decreases in cash and cash equivalents and increases in income taxes payable, dividends payable and accrued liabilities. The increase from June 30, 1991 is primarily attributable to decreases in short-term borrowings and increases in cash and cash equivalents, short-term investments and prepaid expenses, partially offset by increases in accounts payable, income taxes payable, dividends payable and accrued liabilities and a decrease in short-term loans.

In the first quarter of 1992, under a shelf registration filed with the United States Securities and Exchange Commission in June 1991, the Company issued $250 million of 6 1/2% notes due February 1, 1997. The funds from the sale of these securities were used for general corporate purposes including a reduction of U.S. short-term borrowings.

	JUNE 28, 1992	DEC. 31, 1991	JUNE 30, 1991
Working capital (millions of dollars)	$1,845.1	$1,387.7	$1,099.5
Current ratio	1.58:1	1.41:1	1.34:1
Debt to total capitalization (percentage)*	25%	29%	26%
Shareholders' equity per common share**	$ 15.27	$ 15.25	$ 14.66
Operating return on operating assets***	17.0%	15.5%	19.9%
Days of sales outstanding - trade accounts receivable	75	65	74

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Months of inventory on hand	6.7	7.1	6.6

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* Represents total short and long-term borrowings divided by the sum of total short and long-term borrowings and total shareholders' equity.

** Represents shareholders' equity divided by the actual number of common shares outstanding.

*** Represents net sales for the previous twelve months divided by average assets, excluding cash and investments, multiplied by the average operating profit margin for the previous twelve months.

PART II - OTHER INFORMATION

Item 1: Legal Proceedings

The Company is involved in a number of claims and litigations, including product liability claims and litigations considered normal in the nature of its businesses. These include suits involving various pharmaceutical and hospital products that allege either reaction or injury from the use of the product. For a discussion of legal proceedings generally, see the Company's Annual Report on Form 10-K for the fiscal year 1991.

As previously disclosed, numerous claims have been brought against the Company and Shiley Incorporated, a wholly owned subsidiary, alleging either personal injury from fracture of 60o or 70o Shiley Convexo-Concave (C/C) heart valves, or anxiety that properly functioning implanted valves might fracture in the future. For a discussion of the Company's creation of a reserve with respect to cases alleging fractures of C/C Heart valves, see the Company's Annual Report on Form 10-K for the fiscal year 1991.

The Company believes that claims based on properly functioning implanted valves seeking recovery for alleged anxiety that the valves might fracture in the future do not state a cause of action, and accordingly, the Company has vigorously defended these cases. To date, 55 cases have either been dismissed on motions to dismiss or for summary judgement, or have been voluntarily withdrawn by the plaintiffs. In the case of Kahn vs. Shiley Incorporated and Pfizer Inc. in California, however, the court of Appeal held invalid all of the plaintiff's product liability claims relating to concerns with respect to plaintiff's properly functioning C/C heart valve, but permitted plaintiff to pursue claims based on deceit, which the trial court has held includes negligent and fraudulent misrepresentations and the intentional infliction of emotional distress. Discovery is now proceeding in the Kahn case and in approximately 400 similar cases (involving approximately 475 valve implants) pending in the Superior Court, Orange County, California, with which the Kahn case has been consolidated for certain pretrial discovery purposes. In addition, as of June 30, 1992, seven other working valve cases (including a purported statewide class action in Pennsylvania; a purported nationwide class action in Kentucky; and a certified worldwide settlement class action, described below, in Ohio) were pending in four states.

In an attempt to resolve claims to recover for anxiety that properly functioning valves might fracture in the future, the Company has entered into a settlement agreement in a case pending in the United States District Court for the Southern District of Ohio that, if approved by the court, would establish a worldwide settlement class of people with C/C heart valves and their spouses, except those who elect to exclude themselves. The settlement provides for a Consultation Fund from which valve recipients who make claims will receive payments that are intended to cover their cost of consultation with cardiologists or other health care providers with respect to their valve. The settlement agreement establishes a second fund to support C/C valve-related research, including the development techniques seeking to identify valve recipients who may have significant risk of fracture, and to cover all or a portion of the Company's unlimited obligation for unreimbursed medical expenses that they may incur for certain procedures related to the valves. The settlement agreement is subject to, among other things, final approval of the court. The court has not yet rendered its decision.

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In November 1991, in the case of Stangvik v. Shiley Incorporated, the California Supreme Court affirmed a decision by the Court of Appeal under the doctrine of forum non conveniens staying fracture cases filed in California so that the cases could be litigated in the foreign country of residence of the C/C heart valve recipient. Shiley has sought similar stays based on the doctrine of forum non conveniens in other cases pending in California involving non-U.S. residents and U.S. residents who are not residents of California, including cases for damages arising out of both personal injury from fracture of C/C heart valves and anxiety that properly functioning implanted valves might fracture in the future.

In March 1992, the California Court of Appeal directed the California Superior Court to reconsider an earlier ruling permitting non-California U.S. resident plaintiffs to bring suits in California involving properly functioning heart valves and in June 1992 directed the trial court to apply a similar ruling in a case involving a foreign resident seeking damages in a working valve case.

Generally, the plaintiffs in all of the heart valve litigations discussed above seek money damages. Based on the experience of the Company in defending these claims to date, the Company is of the opinion that these actions should not have a material adverse effect on the financial position of the Company.

For a discussion of environmental matters generally, and asbestos and talc actions involving Pfizer (Minerals Division) and Quigley Company Inc., see the Company's Annual Report on Form 10K for the fiscal year 1991.

In early July 1992, prior to scheduled closing arguments, in the Maryland consolidated asbestos trial (Abate et al v. AC and S Inc. et al) the Center For Claims Resolution (CCR), on behalf of Quigley, Pfizer and 17 other members of CCR, entered into a settlement agreement that is applicable to the cases in the Maryland consolidated asbestos trial. On July 6, the court accepted the settlement. Approximately 6,900 of the cases in which Quigley currently is named are affected by the settlement, the terms of which CCR agreed would be kept cofidential. It is anticipated that all but a small percentage of the amounts involved with the settlement will be covered by insurance.

For a discussion of matters relating to Plax, see the Company's Annual Report on Form 10K for the fiscal year 1991.

A consolidated class action on behalf of persons who allegedly purchased Pfizer Common Stock during the March 24, 1989 through February 26, 1990 period has been brought in federal court. This lawsuit alleges that the Company and certain officers and former directors and officers violated federal securities laws by failing to disclose potential liability arising out of personal injury suits involving Shiley heart valves and seeks damages in an unspecified amount.

The defendants in this action believe that the suit is without merit and will vigorously defend it. A derivative action against certain directors and officers and former directors and officers alleging breaches of fiduciary duty and other common law violations in connection with the manufacture and distribution of Shiley heart valves was dismissed on forum non conveniens grounds, but that dismissal was reversed by the California Court of Appeal in June 1992. Review by the California Supreme Court is being sought.

Item 4: Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Shareholders was held on April 23, 1992. Represented at the meeting, in person or by proxy, were 279,785,051 shares of common stock (85.1% of the total shares outstanding). Shareholders voted on the following issues before the meeting.

Shareholders reelected the following six members of the Board of Directors to three-year terms: Grace J. Fippinger, former Vice-President, Secretary and Treasurer, NYNEX Corporation; James T. Lynn, former Chairman and Chief Executive Officer, Aetna Life and Casualty Company; Paul A. Marks, President and Chief Executive Officer of Memorial Sloan-Kettering Cancer Center; Edmund T. Pratt, Jr., Chairman Emeritus of the Company and former Chairman of the Board and Chief Executive Officer of the Company; Felix G. Rohatyn, General Partner of Lazard Freres & Co.; William C. Steere, Jr., Chairman of the Board and Chief Executive Officer of the Company. In addition, Barber B. Conable, Jr., former President of the World Bank, was reelected for a one-year term. Each nominee received a vote of at least 277,840,401 shares, or 99.3% of the shares present and entitled to vote. In addition, 1,944,649 shares present and entitled to vote did not vote with respect to the election of directors.

Other directors, whose terms continued after the meeting are: Edward C. Bessey, Vice Chairman of the Company; William J. Crowe, Jr., former Chairman of the Joint Chiefs of Staff, U.S. Department of Defense; William J. Kennedy III, Chairman of North Carolina Mutual Life Insurance Company; John R. Opel, Chairman International Business Machines Corporation's

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Executive Committee; Jean-Paul Valles, Ph.D, Vice Chairman of the Company, whose terms expire in 1993; and Barry M. Bloom, Ph.D, Executive Vice President-Research and Development of the Company; M. Anthony Burns, Chairman of the Board, Chief Executive Officer and President of Ryder System, Inc.; Stanley O. Ikenberry, President of the University of Illinois; and Howard C. Kauffman, former President of Exxon Corporation, whose terms expire in 1994.

The appointment of KPMG Peat Marwick as independent auditors of the Company for the year 1992 was approved by a vote of 278,046,516 shares (99.4% of the shares present and entitled to vote) to 766,984 shares (.3% of the shares present and entitled to vote). In addition, 956,565 shares (.3% of the shares present and entitled to vote) abstained.

Shareholders approved an amendment to the Pfizer Inc. Restricted Stock Plan for Non-Employees Directors by a vote of 230,297,781 shares; (70% of the shares issued, outstanding and entitled to vote) to 46,645,944 shares (14.2% of the shares issued, outstanding and entitled to vote. In addition 2,638,896 shares (.8% of the shares issued outstanding and entitled to vote) abstained. The remaining 15% of the shares outstanding were not represented at the meeting.

The shareholders rejected the only shareholders proposal presented at the meeting. The proposal had been unanimously opposed by the Company's Board of Directors. This proposal, made by shareholders Lewis D. Gilbert, John J. Gilbert and John C. Henry, sought to dissolve the Company's classified board system in favor of a system in which all directors are elected annually. This proposal was rejected by a vote of 164,538,083 shares (64.9% of the shares present and entitled to vote) to 84,929,909 shares (33.5% of the shares present and entitled to vote). In addition, 4,190,418 shares (1.6% of the shares present and entitled to vote) abstained.

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

1) Exhibit 11 - Computation of Earnings Per Common Share
2) Exhibit 12 - Computation of Ratio of Earnings to Fixed Charges
3) Exhibit 15 - Accountants' Acknowledgement

b) A report on Form 8-K dated April 14, 1992 was filed by the Company during the second quarter of 1992.

PFIZER INC. AND SUBSIDIARY COMPANIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

(REMAINDER OF PRECEDING PAGE)

Date: August 7, 1992

&&PINAP8307
J. C. Mesloh, Vice President - Controller
(Chief Accounting Officer and
Duly Authorized Officer)

Exhibit 11

PFIZER INC. AND SUBSIDIARY COMPANIES
COMPUTATION OF EARNINGS PER COMMON SHARE

(in millions, except per share data)
(unaudited)

	Three Months Ended June 28, 1992	Three Months Ended June 30, 1991	Six Months Ended June 28, 1992	Six Months Ended June 30, 1991
Adjusted net income for earnings per common share computation (a)...............	$ 203.8	$ 179.4	$ 499.1	$ 447.4
Weighted average number of common shares outstanding.................................	329.6	331.1	329.5	330.8
Common share equivalents (b)..................	7.4	9.0	8.1	9.3
Weighted average number of common shares and common share equivalents used to compute earnings per common share..........	337.0	340.1	337.6	340.1
Earnings per common share.....................	$ .61	$ .53	$ 1.48	$ 1.32
Adjusted net income for fully diluted earnings per common share computation.....	$ 203.8	$ 179.4	$ 499.1	$ 447.4
Weighted average number of common shares outstanding.................................	329.6	331.1	329.5	330.8
Common share equivalents and other				

dilutive securities (c)........................	7.6	9.1	8.2	10.6
Weighted average number of common shares and common share equivalents used to compute fully diluted earnings per common share............................	337.2	340.2	337.7	340.8
	========	========	========	========
Fully diluted earnings per common share (d).	$ .61	$ .53	$ 1.48	$ 1.31
	========	========	========	========

(a) After adding back interest on 8 3/4% Convertible Subordinated Debentures Due 2006* and amortization of issuance expenses, net of applicable income tax effect.

(b) Includes common share equivalents applicable to stock option plans and the 8 3/4% Convertible Subordinated Debentures Due 2006*. The 8 3/4% Convertible Subordinated Debentures Due 2006 are considered to be common share equivalents since the interest rate on the debentures was less than two-thirds of the prime interest rate at the time of issuance.

(c) Includes common share equivalents applicable to stock option plans and the 8 3/4% Convertible Subordinated Debentures Due 2006*. Also included are the 4% Convertible Subordinated Debentures Due 1997 which are not considered to be common share equivalents since the interest rate on the debentures was not less than two-thirds of the prime interest rate at the time of issuance.

(d) This calculation is submitted in accordance with Regulation S-K item 601(b)(11) although not required by footnote 2 to paragraph 14 of APB Opinion No. 15 because it results in dilution of less than 3%.

* Substantially all of the 8 3/4% Convertible Subordinated Debentures Dues 2006 were converted during the second quarter. The remainder were redeemed on April 15, 1992.

EXHIBIT 12

PFIZER INC. AND SUBSIDIARY COMPANIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(millions of dollars)
(Unaudited)

	Six Months Ended June 28, 1992	1991	Year Ended December 31, 1990	1989	1988	1987
Earnings						
Income before provision for taxes on income and minority interests......	$ 727.3	$ 943.7	$1,103.3	$ 916.5	$1,103.8	$1,010.8
Less: Minority interests..	.5	3.2	4.2	4.1	3.1	3.3
Undistributed earning (losses) of unconsolidated persons............	(.1)	0.8	(0.3)	6.9	7.6	-
Subtotal...............	726.9	939.7	1,099.4	905.5	1,093.1	1,007.5
Fixed charges, excluding capitalized interest....	67.3	155.2	153.8	144.2	99.2	78.1
Total earnings.........	$ 794.2	$1,094.9	$1,253.2	$1,049.7	$1,192.3	$1,085.6
	========	========	========	========	========	========
Fixed Charges						
Interest expense (including interest expense, amortization of debt discount and expenses and capitalized inter-						

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est)......................	$ 60.6	$ 138.1	$ 142.4	$ 131.2	$ 86.5	$ 66.4
One-third of rental expense.....................	12.5	25.1	21.3	18.2	16.7	14.7
Total fixed charges....	$ 73.1	$ 163.2	$ 163.7	$ 149.4	$ 103.2	$ 81.1
Ratio of earnings to fixed charges (a)................	10.9	6.7	7.7	7.0	11.6	13.4

(a) "Earnings" consist of income before provision for taxes on income and minority interests less minority interests and less undistributed earnings (losses) of unconsolidated subsidiaries adjusted for fixed charges, excluding capitalized interest. "Fixed charges" consist of interest expense, amortization of debt discount and expenses, capitalized interest and one-third of rental expense which the Company believes to be a conservative estimate of an interest factor in its leases. It is not practicable to calculate the interest factor in a material portion of the Company's leases.

Exhibit 15

ACCOUNTANTS' ACKNOWLEDGEMENT

Board of Directors
Pfizer Inc.:

We hereby acknowledge the incorporation by reference of our report dated August 7, 1992 included within the Quarterly Report on Form 10-Q of Pfizer Inc. for the quarter ended June 28, 1992, in the Prospectus dated December 27, 1972, as supplemented February 6, 1973, of Pfizer Inc., filed under the Securities Act of 1933 on Registration Statement Form S-16 (File No. 2-46157), as amended, in the Registration Statement on Form S-8 dated April 10, 1973 (File No. 2-47668), as amended, in the Registration Statement on Form S-8 dated March 27, 1975 (File No. 2-53332), as amended, in the Prospectus dated June 14, 1979, of Pfizer Inc., in the Registration Statement on Form S-16 dated April 26, 1979 (File No. 2-64610), as amended, in the Registration Statement on Form S-8 dated March 27, 1980 (File No. 2-67316), as amended, in the Registration Statement on Form S-15 dated December 13, 1982 (File No. 2-80884), as amended, in the Registration Statement on Form S-8 dated May 26, 1983 (File No. 2-84097), in the Registration Statement on Form S-8 dated October 27, 1983 (File No. 2-87473), as amended, in the Registration Statement on Form S-8 dated August 24, 1985 (File No. 2-99894), as amended, in the Registration Statement on Form S-8 dated October 23, 1986 (File No. 33-9615), in the Registration Statement on Form S-8 dated March 26, 1987 (File No. 33-13204), in the Registration Statement on Form S-3 dated August 23, 1989 (File No. 33-30767), in the Registration Statement on Form S-8 dated December 18, 1989 (File No. 33-32655), in the Registration Statement on Form S-8 dated March 22, 1990 (File No. 34-34139), in the Registration Statement on Form S-8 dated November 19, 1990 (File No. 33-37888), in the Registration Statement on Form S-8 dated January 24, 1991 (File No. 33-38708), in the Registration Statement on Form S-3 dated June 26, 1991 (File No. 33-41367), as amended and in the Registration Statement on Form S-8 dated November 18, 1991 (File No. 33-44053).

Pursuant to Rule 436(c) under the Securities Act of 1933, such report is not considered a part of a registration statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of sections 7 and 11 of the Act.

&&PINAX5800

KPMG PEAT MARWICK

New York, New York
August 7, 1992

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark one)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992

0
92-2250

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

PROCESSED BY
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Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Commission File Number 33-26545-A

PONTE VEDRA BANKING CORPORATION
(Exact name of registrant as specified in its charter)

Florida	59-2921958
(State of Incorporation)	(I.R.S. Employer Identification No.)
100 Sawgrass Corners Drive, Ponte Vedra Beach, FL	32082
(Address of principal executive offices)	(Zip Code)

(904) 285-7222
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section 13 or l5(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

(1) YES X NO ____

(2) YES X NO ____

The number of shares of the registrant's $1.00 par value common stock outstanding as of April 20, 1992, was 652,920.

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PONTE VEDRA BANKING CORPORATION
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PONTE VEDRA BANKING CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	December 31, 1991 (Audited)	March 31, 1992 (Unaudited)
ASSETS		
Cash and due from banks	2,692,594	2,214,405
Interest bearing deposits in banks	100,000	100,000
Federal funds sold	0	725,000
Investment securities (Approximate market value $8,975,000 and $10,647,783 respectively)	12,342,419	11,467,186
Loans, less allowance for loan losses of $228,179 and $247,018 respectively	22,596,424	24,466,019
Property, equipment and leasehold improvements, net	1,229,542	1,214,482
Accrued interest receivable	388,158	397,044
Other Assets	48,912	92,567
Total Assets	39,398,049	40,676,703
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand	6,874,514	7,516,838
NOW accounts	5,885,866	5,877,253
Savings	792,079	1,090,348
Money market accounts	9,546,772	9,883,292
Certificates of deposit under $100,000	7,031,592	6,463,548
Certificates of deposit over $100,000	3,241,120	3,511,990
Total deposits	33,371,943	34,343,269
Securities sold under agreement to repurchase	440,369	601,846
Accrued interest payable	42,795	38,368
Fed funds purchased	0	0
Other liabilities	234,383	308,243
Total liabilities	34,089,490	35,291,726
Stockholders' equity		
Common stock	652,920	652,920
Capital in excess of par value	5,818,107	5,818,107
Retained earnings	(1,162,468)	(1,086,050)
Total stockholders' equity	5,308,559	5,384,977
	39,398,049	40,676,703

See Accompanying Notes to Consolidated Financial Statements.

PONTE VEDRA BANKING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME (LOSS)
(000'S Omitted)
(Unaudited)

	For the three months ended March 31,	
	1991	1992
Interest income:		
Interest and fees on loans	$263,765	$596,184
Interest on investment securities	175,422	196,185
Interest on federal funds sold	13,916	5,203
Interest on deposits in bank	0	1,591
Total interest income	453,103	799,163
Interest Expense:		
Interest on deposits	194,062	267,532
Other	3,469	3,536
Total interest expense	197,531	271,068
Net interest income	255,572	528,095
Provision for loan losses	(23,066)	(18,840)
Net interest income after provision for loan losses	232,506	509,255
Other income:		
Service fees	16,958	64,949
Securities transactions	0	50,271
Other	15,426	31,892
Total other income	32,384	147,112
Other expense:		
Salaries and benefits	235,445	296,382
Occupancy expenses	140,819	143,241
Other operating expenses	94,464	140,326
Total other expense	470,728	579,949
Net income (loss)	($205,838)	$76,418
Earnings (loss) per share	($0.32)	$0.12
Weighted average shares outstanding	652,920	652,920

See Accompanying Notes to Consolidated Financial Statements.

PONTE VEDRA BANKING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(000'S Omitted)
(Unaudited)

	For the three months ended March 31,	
	1991	1992
Cash flows from operating activities:		
Net income (loss)	($205,838)	$76,418
Adustments to reconcile net income (loss) to cash provided by operating activities:		
Provision for loan losses	23,065	18,840
Depreciation	40,696	31,568
Accretion/amortization on securities	(4,200)	19,990
Changes in:		
Interest receivable	6,793	(368,715)
Interest payable	(22,607)	(42,795)
Other liabilities	9,882	112,228
Other assets	(44,909)	421,256
Cash provided by (used in) operating activities	(197,118)	268,790
Cash flow from investing activities:		
Purchases of investment securities	(997,776)	(742,892)
Maturities and sales of investment securities	0	1,618,125
Loans originated	(2,688,778)	(4,318,081)
Principal collected on loans	1,450,000	2,448,486
Purchases of property and equipment, net	(205,794)	(15,060)
Cash used in investing activities	(2,442,348)	(1,009,422)
Cash flow from financing activities:		
Net increase in demand deposits, NOW accounts, savings and money market accounts	1,950,448	1,268,500
Net increase in certificates of deposits	194,739	(297,174)
Secruities sold under agreement to repurchase	0	161,477
Cash provided by financing activities	2,145,187	1,132,803
Net decrease in cash and cash equivalents	(494,279)	(378,189)
Cash and cash equivalents:		
Beginning of period	2,473,413	2,792,594
End of period	$1,979,134	$2,314,405

See Accompanying Notes to Consolidated Financial Statements.

PONTE VEDRA BANKING CORPORATION AND SUBSIDIARY
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992 AND 1991

Note 1 – Interim Statement Adjustments:

The unaudited interim consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the periods presented. All adjustments are of a normal and recurring nature. The interim consolidated financial statements are designed to be read in conjunction with the most recent annual report.

Note 2 – Accounting Policies:

Investment Securities

Securities are generally held only for investment purposes. The Company has both the intention and ability to hold to maturity securities recorded at amortized cost. However, management may decide to sell certain securities prior to maturity when unanticipated changes in economic conditions, such as fluctuations in interest rates or liquidity, indicate such sales may be in the best long-term interest of the Company. Securities are stated at cost adjusted for amortization of premiums and accretion of discounts, which are recognized as adjustments to interest income. Gains or losses on disposition are based on the net proceeds and the adjusted carrying amount of the securities sold, using the specific identification method.

Income Taxes

Deferred income taxes are reported for temporary differences between items of income or expense reported in the financial statements and those reported for income tax purposes. The differences relate principally to depreciation of equipment, accretion of discounts on investment securities and provision for loan losses. Financial Accounting Standard No. 96, Accounting for Income Taxes, has been adopted from inception.

Note 3 – Background and Organization:

Ponte Vedra Banking Corporation (the Company) was incorporated effective October 4, 1988 primarily to serve as the holding company for a national banking association (the Bank). In 1989 the Company raised $6,509,200 (less $58,173 in selling expenses) through an offering of its common stock, of which $5,500,000 was used to capitalize the Bank. The Bank opened for business December 18, 1989 under the name "Ponte Vedra National Bank". The Bank is headquartered in Pont Vedra Beach, Florida and also operates branch offices in Ponte Vedra Beach and in Atlantic Beach, Florida. The Company owns 100% of the common stock of the Bank.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Ponte Vedra Banking Corporation (referred to herein as the "Holding Company" or the "Registrant") was incorporated under the laws of Florida effective October 4, 1988, primarily to serve as the holding company for a national banking association. On July 19, 1989, the Holding Company received the approval of the Board of Governors of the Federal Reserve System to use the proceeds of an offering pursuant to a prospectus dated March 1, 1989, to acquire 550,000 shares of common stock of Ponte Vedra National Bank (the "Bank") (all of the issued and outstanding shares of common stock of the Bank) upon the opening of the Bank for business. The Bank received the final approval of the United States Office of the Comptroller of the Currency and opened for business on December 18, 1989. Fiscal 1990 was the Bank's first full year of operations.

The following discussion sets forth the major factors that have affected the Registrant's financial condition and results operations for the quarter ended March 31, 1992, as reflected in the consolidated financial statements included at pages 2 – 5 of this Quarterly Report on Form 10-Q. These comments should be read in conjunction with the consolidated financial statements.

1. Earnings.

The Registrant incurred a net profit for the quarter ended March 31, 1992, of $76,418, or $.12 per share which compares with a net loss of $205,838, or $.32 per share for the same period last year, and a net profit for the quarter ended December 31, 1991 of $45,538, or $.07 per share. The current quarter's net profit is significantly ahead of original projections by the Registrant's organizers.

The Bank's total deposits increased by approximately $971,000 in the first quarter, 1992, as compared to an increase of approximately $2,145,187 for the quarter ended March 31, 1991, and by approximately $3,008,000 in the quarter ended December 31, 1991. During the same period, loans increased by approximately $1,870,000, $1,215,713 and $3,568,000, respectively.

During 1991, the sale of certain securities was deemed to be in the best long-term interest of the Company because of unexpectedly sharp fluctuations in interest rates. Investment securities totaling $10,408,142 were sold during 1991 and $180,641 in gains were realized on these sales. For the quarter ended March 31, 1992, investment securities totaling $1,608,194 were sold and $50,271 in gains were realized on these sales.

2. Dividends.

There were no dividends paid or declared by the Registrant during the quarter ended March 31, 1992, nor during any prior quarter.

3. Liquidity and Capital Resources.

Liquidity is measured by a bank's ability to raise cash when needed without adversely impacting profits. The Bank must be capable of meeting its customers' immediate withdrawal requirements, funding loans and lines of credit, and in general, fulfilling its customers' credit needs. Should it become necessary, the Bank could sell some of its loans or a part of its investment portfolio to achieve the desired liquidity. The Bank's balance sheet has natural sources of liquidity. Additional liquidity available to the Bank is the Holding Company's investment securities which total $701,231 at March 31, 1992.

New risk-based capital guidelines have been developed which assign weighted levels of risk to assets and certain other financial instruments in order to assess capital adequacy. At March 31, 1992, the Bank and Holding Company exceeded these new capital requirements.

4. Net Interest Income.

For the quarter ended March 31, 1992, the Registrant's total interest income was $799,163, total interest expense was $271,069, and net interest income (prior to provision for loan losses) was $528,094. For the first quarter, 1991, the Registrant's total interest income was $453,103, total interest expense was $197,531, and net interest income (prior to provision for loan losses) was $255,572. For the quarter ended December 31, 1991, the Holding Company's total interest income was $901,235, total interest expense was $321,470 and net interest income (prior to provision for loan losses) was $579,765.

5. Trends.

Registrant is unaware of any trends, events or uncertainties that will have or that are reasonably likely to have a material effect on the Registrant's liquidity, capital resources or operations. The Registrant is unaware of any current recommendations by the regulatory authorities to which its operations are subject which if they were to be implemented would have such an effect.

6. Problem Loans and Provision for Loan Losses.

At March 31, 1992, one loan in the amount of $26,092 was treated by the Bank as non-accrual. No other loans were past due , restructured or non-accrual during this period. During 1991, the Bank charged off three loans totaling $57,353 and recovered $39,900 on two of these loans. No other loans were past due, restructured or non-accrual at December 31, 1991.

The Bank maintains an allowance for loan losses which it believes is adequate to absorb potential losses in the loan portfolio. The adequacy of the allowance for loan losses is analyzed, and adjustments are made monthly, based on a review of all significant loans with particular emphasis on non-accruing, past due and other loans that management believes require special attention because of uncertainties as to their collectability in accordance with their existing terms. The Bank maintains the allowance at the minimum level required by this methodology or 1% of outstanding loans, whichever is greater. Currently the Bank's allowance is at 1%, and this level was found to be adequate by the National Bank Examiners of the Office of the Comptroller of the Currency during their last examination of the Bank as of January 31, 1992.

PART II. OTHER INFORMATION

Item 1. Legal.

No material legal proceedings were instituted either by or against the Holding Company during the quarter ended March 31, 1992.

Item 2. Change in Securities.

There has been no change in the Holding Company's securities during the quarter ended March 31, 1992.

Item 3. Defaults Upon Senior Securities.

The Holding Company does not have any outstanding debt or securities of this nature.

Item 4. Submission of Matters to a Vote of Security Holders.

The Annual Meeting of the Stockholders of the Company was held April 20, 1992. At that meeting Isabelle Thomas Davis, G. Bruce Douglas, Ben T. Franklin, Jr., Robert W. Fowler, Daniel J. Gallagher, Joseph M. Hixon, John F. Lovejoy, Jr., Edward J. McMahon, Joseph P. Moorer, Guy N. Nix, Jr., Reto J. Schneider and P. Jeremy Smith were elected as directors for the ensuing year by the following vote:

FOR	WITHHELD
416,150	600

In addition, the appointment of Harbeson, Beckerleg & Fletcher to examine the Holding Company's financial statements for fiscal 1992 was approved by the following vote:

FOR	AGAINST	ABSTAIN
415,150	300	1,300

No settlement between the Holding Company and any participant terminating any solicitation subject to Rule 14a-11 occurred during the quarter ended March 31, 1992.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports.

(a) None.

(b) Reports on Form 8-K. No reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PONTE VEDRA BANKING CORPORATION

Guy N Nix

Guy N. Nix, Jr.,
Vice President and
Chief Financial Officer

Dated: 3/5/92

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0-35356

Sequentially numbered originals consisting of 11 pages. Exhibit index appears on page 9

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(d) of the
Securities Exchange Act of 1934

For Quarter Ended: March 31, 1992 Commission File Number: 015340

PSICOR, Inc.
(Exact name of registrant as specified in its charter)

Pennsylvania 25-1228645
(State or other jurisdiction of incorporation or organization) (IRS Employer ID#)

16818 Via Del Campo Ct., San Diego, CA 92127
(Address of principal executive offices) (zip code)

619-485-5599
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 12 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for 90 days.

X Yes ____ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, no par value, 4,230,245 shares outstanding as of March 31, 1992.

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PART I. FINANCIAL INFORMATION

PSICOR, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	1992	1991	1992	1991
	(Unaudited)		(Unaudited)	
Revenue	$18,406,000	$16,238,000	$35,905,000	$33,160,000
Cost of Sales and Services	14,476,000	12,980,000	28,257,000	26,456,000
Gross Profit	3,930,000	3,258,000	7,648,000	6,704,000
General and Administrative	2,306,000	2,018,000	4,415,000	4,235,000
Operating Profit	1,624,000	1,240,000	3,233,000	2,469,000
Interest Expense	1,000	63,000	3,000	135,000
Other Expense (Income), net	(140,000)	11,000	(136,000)	62,000
Income Before Taxes	1,763,000	1,166,000	3,366,000	2,272,000
Provision for Income Taxes	739,000	458,000	1,411,000	893,000
Net Income	$ 1,024,000	$ 708,000	$ 1,955,000	$ 1,379,000
Earnings Per Share	$ 0.23	$ 0.17	$ 0.44	$ 0.33
Number of Shares Used in Computation	4,445,000	4,205,000	4,440,000	4,176,000

PSICOR, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 1992	September 30, 1991
	(Unaudited)	
Current Assets:		
Cash	$ 3,569,000	$ 1,413,000
Accounts receivable	9,866,000	8,926,000
Other Receivables	300,000	-
Inventories	6,658,000	6,036,000
Prepaid expenses and other	1,179,000	860,000
Total Current Assets	21,572,000	17,235,000
Land, Building and Equipment - Net	11,625,000	10,739,000
Other Assets	1,574,000	1,632,000
Total Assets	$34,771,000	$29,606,000

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 1992	September 30, 1991
Current Liabilities:		
Accounts payable	$ 5,276,000	$ 2,936,000
Salaries and related taxes payable	1,738,000	1,812,000
Employee benefit plans payable	466,000	800,000
Other accrued liabilities	954,000	674,000
Current portion of long-term debt	75,000	93,000
Total Current Liabilities	8,509,000	6,315,000
Deferred Income Taxes	8,000	8,000
Commitments and Contingencies		
Shareholders' Equity:		
Common stock--no par value; authorized 10,000,000 shares; issued and outstanding - 4,230,000 and 4,147,000 shares at March 31, 1992, and September 30, 1991, respectively	10,340,000	9,324,000
Retained earnings	15,914,000	13,959,000
Total Shareholders' Equity	26,254,000	23,283,000
Total Liabilities and Shareholders' Equity	$34,771,000	$29,606,000

PSICOR, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	1992	1991	1992	1991
	(Unaudited)		(Unaudited)	
Cash Flows from Operating Activities:				
Net income	$1,024,000	$ 708,000	$1,955,000	$1,379,000
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation and amortization	977,000	888,000	1,916,000	1,785,000
Tax benefits related to options	-	39,000	-	310,000
Non-cash employee benefit contribution	-	-	600,000	750,000
Loss (gain) on sale of property and equipment	(24,000)	2,000	(33,000)	7,000
Increase (decrease) from changes in:				
Accounts receivable	(565,000)	(163,000)	(1,240,000)	11,000
Inventories	(109,000)	(772,000)	(622,000)	(1,430,000)
Prepaid expenses and other	(507,000)	127,000	(319,000)	247,000
Accounts payable	453,000	303,000	2,340,000	560,000
Salaries and other compensation payable	28,000	(98,000)	(74,000)	696,000
Employee benefit plans payable	33,000	189,000	(334,000)	(358,000)
Other accrued liabilities	235,000	(495,000)	280,000	(192,000)
Total adjustments	521,000	20,000	2,514,000	2,386,000
Net cash provided by operating activities	1,545,000	728,000	4,469,000	3,765,000
Cash Flows from Investing Activities:				
Purchase of property and equipment	(1,265,000)	(979,000)	(2,779,000)	(1,996,000)
Proceeds from sales of property and equipment	40,000	6,000	52,000	21,000
(Increase) decrease in other assets, net	-	(830,000)	16,000	(838,000)
Net cash used by investing activities	(1,225,000)	(1,803,000)	(2,711,000)	(2,813,000)
Cash Flows from Financing Activities:				
Proceeds from issuance of common stock	43,000	244,000	416,000	246,000
Borrowings of long-term debt	-	2,120,000	-	2,985,000
Payments of long-term debt	(9,000)	(1,189,000)	(18,000)	(3,864,000)
Net cash provided (used) by financing activities	34,000	1,175,000	398,000	(633,000)
Net increase in cash	354,000	100,000	2,156,000	319,000
Cash and equivalents at beginning of period	3,215,000	305,000	1,413,000	86,000
Cash and equivalents at end of period	$3,569,000	$ 405,000	$3,569,000	$ 405,000

PSICOR, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992

(1) The condensed consolidated financial statements include the accounts of PSICOR, Inc. and its subsidiaries (the "Company") and have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the Company believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these financial statements be read in connection with the financial statements and the notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended September 30, 1991.

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position at March 31, 1992 and September 30, 1991, and the results of operations and cash flows for the three months and six months ended March 31, 1992 and 1991.

(2) In March 1992, the Company renewed its $15,000,000 credit facility with a bank. The renewed credit facility contains essentially the same terms and conditions as the previous credit facility, except that the revolving period was extended through March 31, 1994 and, as in the previous credit facility, is followed by a three year term loan option.

(3) During the three months ended March 31, 1992 and 1991 the Company paid interest of $1,000 and $59,000, respectively and paid income taxes of $637,000 and $988,000, respectively. During the six months ended March 31, 1992 and 1991 the Company paid interest of $3,000 and $137,000, respectively and paid income taxes of $1,344,000 and $988,000, respectively. Non-cash transactions during the six months ended March 31, 1992 and 1991 consisted of a contribution of common stock valued at $600,000 and $750,000, respectively, to the Company's Employee Stock Ownership Plan.

(4) Earnings per share is computed based on the weighted average number of common shares outstanding adjusted for the number of shares issuable upon assumed exercise of stock options, after the assumed repurchase of shares with the related proceeds.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Revenue for the three month period ended March 31, 1992 increased 13.4% as compared with revenue during the same period last year. The revenue growth is attributable to an increase in the number of client hospitals served and an increase in clinical procedures performed for existing clients.

Results of operations were impacted by higher revenues from greater caseloads, new accounts and expanded services at client hospitals. In addition, margins improved due to productivity gains and cost control.

Cost of sales and services increased 11.5%, principally in response to an increase in revenue. Major components of cost of sales and services include salaries and cost of disposables.

General and administrative expenses increased by 14.3% in the quarter due to a normal increase in costs to further support the business expansion.

Interest expense decreased $62,000 over the same period last year, primarily as a result of decreased borrowings due to positive cash flow from operations.

LIQUIDITY AND CAPITAL RESOURCES

Internally generated funds and bank borrowings have been the primary source used to fund the Company's needs for working capital and capital expenditures.

In March 1992, the Company renewed its $15,000,000 credit facility with a bank. The renewed credit facility contains essentially the same terms and conditions as the previous credit facility, except that the revolving period was extended through March 31, 1994 and, as in the previous credit facility, is followed by a three year term loan option.

The Company believes that funds generated through operations and borrowings available under its credit facilities will be adequate to meet the Company's foreseeable capital requirements.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10(w) Amendment to Business Loan Agreement dated as of March 30, 1992 between the Registrant and Bank of America National Trust and Savings Association

(b) Reports on Form 8-K

The Company was not required to file any current reports on Form 8-K during the quarter ended March 31, 1992, and none were filed during that period.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PSICOR, Inc.

(Registrant)

4/30/92
(Date)

Michael W. Dunaway
President, Chief Executive Officer

4/30/92
(Date)

George Pache
Sr. Vice President, Chief Financial Officer

5/11

EXHIBIT INDEX

Exhibit No.	Description	Sequential Page No.
10(w)	Amendment to Business Loan Agreement dated as of March 30, 1992 between the Registrant and Bank of America National Trust and Savings Association	10

Bank of America **Amendment to Documents**

AMENDMENT TO BUSINESS LOAN AGREEMENT

This Amendment to Business Loan Agreement is entered into as of March 30, 1992, between Bank of America National Trust and Savings Association ("Bank") and PSICOR, Inc. ("Borrower").

RECITALS

A. WHEREAS, Bank and Borrower have entered into that certain Business Loan Agreement dated March 29, 1991, (the "Agreement"); and

B. WHEREAS, Borrower and Bank desire to amend certain terms and provisions of said Agreement as more specifically hereinafter set forth.

AGREED

NOW, THEREFORE, in consideration of the foregoing recitals, Bank and Borrower mutually agree to amend said Agreement as follows:

Paragraph 1.1(c) of the Agreement is hereby revised to change "March 31, 1992 and March 31, 1993" to "March 31, 1993 and March 31, 1994".

Paragraph 1.2 of the Agreement is hereby revised to change "March 31, 1993" to "March 31, 1994".

Paragraph 1.4(d) of the Agreement is hereby revised to read as follows in its entirety:

"The Borrower will repay any term loan disbursed on or about March 31, 1993 in forty eight (48) successive equal monthly installments starting April 30, 1993. On March 31, 1997, the Borrower will repay the remaining principal balance plus any interest then due."

Paragraph 1.4(e) of the Agreement is hereby revised to read as follows in its entirety:

"The Borrower will repay any term loan disbursed on or about March 31, 1994 in thirty six (36) successive equal monthly installments starting April 30, 1994. On March 31, 1997, the Borrower will repay the remaining principal balance plus any interest then due."

Paragraphs 1.9(a) and 1.9(e) of the Agreement are hereby revised to change "March 31, 1992" to "March 31, 1993".

Paragraph 5.4 of the Agreement is hereby revised to change "$19,000,000" to "$23,500,000".

Except as provided in this Amendment, all of the terms and provisions of the Agreement shall remain in full force and effect.

This Amendment shall be effective between the parties as of the date hereof. The Agreement, as amended hereby, shall hereinafter constitute the Agreement between the parties.

10/11

IN WITNESS WHEREOF, this Amendment has been executed by the parties hereto as of the date first written above.

Bank of America
National Trust and Savings Association

X______________________________
By: Gordon Wiens, Assistant Vice President

X______________________________
By: J.F. Mastrogany, Vice President

PSICOR, Inc.

X______________________________
By: George Pache, Vice President
Treasurer and CFO

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report Under Section 13 of 15 (d)

Of the Securities Exchange Act of 1934

For Quarter Ended February 29, 1992

Commission File Number ~~2-72071~~ 0-10056

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ROBERTS OIL AND GAS, INC.
(Exact name of registrant as specified in its charter)

TEXAS (State or other jurisdiction of incorporation or organization)	74-2142545 (I.R.S. Employer Identification No.)
117 SAGE ROAD HOUSTON, TEXAS (Address of principal executive offices)	77056 (Zip Code)

(713) 621-8241
(Registrant's telephone number including area code)

N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO__

(APPLICABLE ONLY TO CORPORATE ISSUERS)

As of February 29, 1992, there were 974,939 common shares ($0.30 par value) and 600 preferred shares (issued for $100 per share) outstanding.

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ROBERTS OIL AND GAS, INC.

INDEX TO FORM 10-Q

NINE MONTHS ENDED FEBRUARY 29, 1992

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PART I. FINANCIAL INFORMATION
ROBERTS OIL AND GAS, INC.
BALANCE SHEET
(Unaudited)

	February 29, 1992	May 31, 1991
ASSETS		
Current assets:		
Cash	$ 10,038	$ 4,951
Accounts receivable	87,473	88,973
Total current assets	97,511	93,924
Property and equipment:		
Oil and gas properties and equipment, using full cost method accounting	4,866,668	4,858,430
Automotive, office and other property and equipment, at cost	93,777	93,777
Sub-total	4,960,445	4,952,207
Less accumulated depreciation, depletion and amortization	(4,197,660)	(4,146,560)
Total property and equipment	762,785	805,647
Total assets	$ 860,296	$ 899,571
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable (Note 4)	$ 369,444	$ 370,294
Accounts payable	165,031	182,290
Current liabilities before reclassification of long-term debt	534,475	552,584
Reclassification of long-term debt	368,132	368,132
Total current liabilities	902,607	920,716
Redeemable cumulative convertible preferred stock, stated value $100 per share, 5,000,000 shares authorized; 600 issued and outstanding	143,044	128,584
Stockholders' equity:		
Common stock, $.30 par value per share, 20,000,000 authorized, 974,939 issued & outstanding	292,483	292,483
Additional paid-in capital	4,921,201	4,935,661
Retained earnings (deficit)	(5,399,039)	(5,377,873)
Total stockholders' equity	(185,355)	(149,729)
Total liabilities and stockholders' equity	$ 860,296	$ 899,571

The accompanying notes are an integral part of the financial statements.

ROBERTS OIL AND GAS, INC.

STATEMENT OF OPERATIONS
(unaudited)

	Three Months Ended February 29		Nine Months Ended February 29	
	1992	1991	1992	1991
Revenue:				
Oil and gas sales	$ 38,869	$ 41,611	94,773	136,943
Costs and expenses:				
Lease operating expenses	20,047	53,820	54,331	131,175
Depreciation, depletion and amortization	13,087	9,424	51,100	74,980
General and administrative	8,887	20,581	10,509	56,779
Total costs and expenses	42,021	83,825	115,940	262,934
Operating income (loss)	(3,152)	(42,214)	(21,167)	(125,991)
Other income (expense):				
Miscellaneous income	-0-	-0-	-0-	-0-
Interest income, (expense) net	-0-	(4,379)	-0-	(5,915)
Net income (loss) for the period	(3,152)	(46,593)	(21,167)	(131,906)
Earnings per share	$ .00	$ .06	$ (.02)	$ (.16)

The accompanying notes are an integral part of the financial statements.

ROBERTS OIL AND GAS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

For the nine months ended February 29, 1992
and the year ended May 31, 1991

	STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)
	SHARES	VALUE		
Balance May 31, 1990 (unaudited)	824,939	247,483	$4,952,933	$(5,198,542)
Preferred Dividends			(5,268)	
Accretion of preferred stock redemption			(12,004)	
Issuance of common stock for services	150,000	45,000		
Prior Year adjustment				10,407
Net loss for the year				(189,738)
Balance May 31, 1991 (unaudited)	974,939	$292,483	$4,935,661	$(5,377,873)
Preferred dividends			(5,457)	
Accretion of preferred stock redemption			(9,003)	
Net loss for the nine month period ending February 29, 1992				(21,166)
Balance February 29, 1992 (unaudited)	974,939	$292,483	$4,921,201	$(5,399,039)

The accompanying notes are an integral part of the financial statements.

ROBERTS OIL AND GAS, INC.

STATEMENT OF CASH FLOWS
for the nine months ended February 29, 1992 and 1991
(Unaudited)

	February 29,	
	1992	1991
Cash flows from operating activities		
Net loss	$ (21,166)	$(131,906)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation, depletion and amortization	51,100	74,980
Changes in assets and liabilities, net		
Decrease in accounts receivable	1,500	498
Decrease in accounts payable	(17,259)	-0-
Increase in accounts payable	-0-	63,004
Decrease in notes payable	(850)	-0-
Net cash provided by operating activities	13,325	6,576
Cash flows from investing activities		
Purchases of oil and gas properties	(8,238)	1,180
Purchases of office and other property and equipment	-0-	-0-
Net cash used in investing activities	(8,238)	1,180
Cash flows from financing activities		
Repayment of debt	-0-	1,036
Net increase (decrease) in cash and cash equivalents	5,087	8,792
Cash and cash equivalents at beginning of period	4,951	3,551
Cash and cash equivalents at end of period	10,038	12,343

The accompanying notes are an integral part of the financial statements.

ROBERTS OIL AND GAS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED FEBRUARY 29, 1992

1. Organization:

Roberts Oil & Gas, Inc., was incorporated under the laws of the State of Texas on November 7, 1980. The Company's primary purpose is the exploration, development and production of oil and gas properties.

2. Summary of Significant Accounting Policies:

The Company follows the full-cost method of accounting for its oil and gas properties, and accordingly, capitalizes all costs associated with property acquisition, exploration and development. Expenditures for repairs and minor replacements are charged to expense.

Depreciation and depletion of oil and gas properties is computed using all capitalized costs and estimated future development and abandonment costs, exclusive of oil and gas properties not yet evaluated, on a unit-of-production method based on estimated proved recoverable reserves.

The costs of other categories of property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets for financial statement purposes.

For purposes of the Statement of Cash Flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments necessary to present fairly the financial position as of February 29, 1992 and May 31, 1991, the results of operations and the changes in financial position for the nine months ended February 29, 1992 and 1991. While the Company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that the financial statements be read in conjunction with the financial statements and the notes included in the Company's latest annual report on Form 10-K.

3. Income Taxes

No provision for income taxes has been recognized on the earnings of the Company for the nine months ended February 29, 1992, because future income tax expenses should be fully offset by the utilization of net operating loss carryforwards, with the resulting benefit accounted for as an extraordinary item.

The Financial Accounting Standards Board recently issued Statement of Financial Accounting Standards No. 96 ("SFAS No. 96"), "Accounting for Income Taxes." SFAS No. 96 established financial accounting and reporting standards for the effects of income taxes. The Statement is effective for fiscal years beginning after December 15, 1988. Because of the Company's significant net operating loss carryforwards, SFAS No. 96. when implemented, is not expected to have a material effect on the Company's financial position or results of operations.

The Company has available net operating loss and investment tax credit carryforwards as follows:

For tax purposes and alternative minimum tax reporting purposes

Expiration Date	Net Operating Loss	ITC
1996	$ 209,269	$ 1,749
1997	550,817	4,403
1998	769,297	1,699
1999	698,715	3,634
2001	548,957	3,560
2002	880,470	4,645
2003	210,211	
2004	183,992	
	$ 4,051,728	$ 19,690

For financial reporting purposes

Expiration Date	Net Operating Loss	ITC
1999	$ 393,005	$ -0-
2000	150,615	363
2001	2,133,635	4,645
2002	1,111,726	-0-
2003	368,243	-0-
2004	199,542	-0-
	$ 4,356,766	$ 5,008

4. **Notes Payable and Long-Term Debt:**

Notes payable at February 29, 1992 and May 31, 1991 consisted of the following:

	February 29	May 31
Third party individual	$ 714,249	$ 714,249
Note payable for legal fees	15,046	15,896
Note payable to lessor of office space for unpaid rent due in quarterly installments of $2,309	6,926	6,926
Other	1,355	1,355
	737,576	738,426
Less:		
Current maturities	369,444	370,294
Reclassification of long-term debt because of demand feature in loan agreement	368,132	368,132
Long Term Debt	$ -0-	$ -0-

5. **Property, Plant and Equipment:**

Property, plant and equipment consists of the following:

	February 29, 1992	May 31, 1991
Oil & gas properties	$ 4,866,668	$ 4,858,430
Furniture, fixtures & autos	77,215	77,215
Leasehold improvements	16,562	16,562
Less allowance for depreciation, amortization and depletion	4,197,660	4,146,560
	$ 762,785	$ 805,647

6. **Redeemable Cumulative Convertible Preferred Stock:**

During fiscal 1986, the shareholders of the Company authorized 5,000,000 shares of redeemable cumulative convertible preferred stock (preferred stock) amd 6.750 shares to be issued for $100 per share. The issued preferred stock is nonvoting and dividends are to be paid quarterly beginning January 5, 1987 at a rate of 12% per annum.

Financing of the stock purchase was arranged for by the Company through a bank when requested by the purchaser. Subsequently, the FDIC assumed the bank's position followed by a third party individual who assumed the FDIC position. The majority of revenues from the Company's properties are now administered by the third party individual.

6. Redeemable Cumulative Convertible Preferred Stock, continued

At the earlier of five years from the stock issuance date or at liquidation of related shareholder purchase money notes, if any, the preferred shareholder may elect one of the following redemption options:

a. To convert each share of preferred stock to 166.67 shares of common stock;
b. To have the Company redeem the preferred stock at $50 per share; or
c. To redeem the preferred stock utilizing a combination of (a) and (b).

Preferred shareholders were given the option of converting preferred stock to common stock in December, 1987 and a total of 1,750 shares of preferred stock were converted into 1,166,673 shares of common stock. During the second quarter ending November 30, 1989, 4,150 shares of preferred stock were converted into 5,655,210 shares of common stock and an additional 250 shares were converted in early 1990 leaving a balance of 600 shares of preferred stock issued and outstanding.

At February 29, 1992 the Company was in arrears on the payment of the preferred dividends.

ROBERTS OIL AND GAS, INC.

Quarter Ended February 29, 1992

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operating Results

Third Quarter 1992 vs Third Quarter 1991

For the quarter ended February 29, 1992, revenues decreased over the prior year's corresponding period by 31% from $136,943 to $94,773.

Sufficient funds for any significant capital venture are not available. Although the oil and gas industry is experiencing improvement from a year ago, no influx of capital is evident. Management believes that economic conditions will continue to improve and intends to pursue its strategy of positioning the Company to take advantage of expanding opportunities as capital becomes available. This includes investigation of innovative financing arrangements as well as other natural resource related business opportunities.

Financial Condition/Liquidity

Economic conditions have been in a state for some time which precluded the Company's drilling, merging or acquiring new properties and reserves.

Recent flucuations in oil market prices are encouraging to the industry and the Company. Even though gas prices seem to be trending upward, instability persists.

Recent averages of oil and gas prices received by the Company are as follows:

Month	Oil	Gas
2/92	$20.35	$1.60
11/91	20.06	1.51
8/91	19.62	1.31
5/91	16.41	1.79
2/91	23.05	1.33
11/90	32.51	1.74
8/90	19.03	1.48
5/90	19.39	1.61
2/90	20.32	2.05
11/89	18.55	1.45
8/89	18.55	1.67
5/89	15.03	1.75
2/89	15.05	1.65

Item 2. MANAGEMENT'S DISCUSSION (Continued)

Financial Condition/Liquidity, continued

The Company will continue efforts to farmout high risk prospects from inventory to oil companies with greater resources thereby avoiding the risk and cash drain of exploratory drilling activities. Given the present economic conditions in the industry, no assurance can be made that the Company will be successful in its efforts.

In today's climate, the Company, as a small independent oil and gas producer, is looking at every opportunity to expand its scope of operations. There have been many offered, but the most promising opportunities encountered in recent months involve two separate international groups with which the Company is involved in on-going discussions of drilling concessions and construction of a refinery. The international area seems to be the most promising for new reserves and new sources of cash.

The Company will continue to concentrate on the production of existing oil and gas properties to which Proved Reserves have been attributed, and, to the extent funds are available or financing can be arranged, further develop its Proved Reserves and selectively acquire additional producing oil and gas properties.

The Company has applied working capital mainly toward the acquisition and development of oil and gas properties, the pursuit of merger opportunities, the reduction of debt and operation and general administration of the Company.

PART II. OTHER INFORMATION

Item 6. Reports on Form 8-K

No reports on Form 8-K were filed during the Third Quarter ended February 29, 1992.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROBERTS OIL AND GAS, INC.

4/14/97
Date

Earl K. Roberts, President

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Q-35858

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended June 30, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

BEST COPY AVAILABLE

For the Transition Period from to

Commission file number 1-3526

THE SOUTHERN COMPANY
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	58-0690070 (I.R.S. Employer Identification No.)
64 Perimeter Center East, Atlanta, Georgia (Address of principal executive offices)	30346 (Zip Code)

Registrant's telephone number, including area code (404) 393-0650

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

Common stock, par value $5 per share -- 315,653,667 shares outstanding at July 31, 1992.

(REMAINDER OF PRECEDING PAGE)

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES

INDEX TO QUARTERLY REPORT ON FORM 10-Q

June 30, 1992

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THE SOUTHERN COMPANY

MANAGEMENT'S OPINION AS TO FAIR STATEMENT OF RESULTS

The condensed financial statements included herein have been prepared by The Southern Company (SOUTHERN), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). In the opinion of management, subject to the effect of such adjustments, if any, as might have been required had the outcome of the uncertainties regarding full recovery of Georgia Power Company's (GEORGIA) investment in the Rocky Mountain hydroelectric project, the resolution of the Internal Revenue Service (IRS) civil examination, and the outcome of a stockholder's suit pending against SOUTHERN as more fully discussed in the Notes to the Condensed Consolidated Financial Statements herein, been known, the information furnished herein reflects all adjustments (which, except for the Plant Vogtle write-off recorded in September 1990, the Gulf States Utilities Company (Gulf States) settlement recorded in November 1991 and the provision for separation benefits for GEORGIA recorded in December 1991, included only normal recurring adjustments) necessary to present fairly the results for the periods ended June 30, 1992 and 1991. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although SOUTHERN believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in SOUTHERN's latest annual report to stockholders as incorporated and filed with Form 10-K.

(REMAINDER OF PRECEDING PAGE)

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES

CONDENSED STATEMENTS OF INCOME (UNAUDITED)
(Stated in Thousands of Dollars)

	For the Three Months Ended June 30,		For the Six M Ended June	
	1992	1991 (Note J)	1992	(
OPERATING REVENUES	$2,011,541	$2,018,884	$3,819,431	$
OPERATING EXPENSES:				
Operation--				
Fuel	540,073	575,593	986,564	1
Purchased power	130,203	115,067	240,435	
Proceeds from settlement of disputed contracts (Note C)	-	-	-	

*** A06 ***

Y COMPANIES

UNAUDITED)
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ee Months une 30,	For the Six Months Ended June 30,		For the Twelve Months Ended June 30,	
1991 (Note J)	1992	1991 (Note J)	1992	1991 (Note J)
$2,018,884	$3,819,431	$3,805,476	$8,063,805	$8,138,167
575,593	986,564	1,043,050	2,180,401	2,321,316
115,067	240,435	248,734	459,706	570,583
-	-	-	(181,592)	-

Other	318,206	317,857	626,747	
Maintenance	155,302	183,989	292,261	
Depreciation and amortization	191,202	192,867	382,193	
Deferred Plant Vogtle expenses, net (Note G)	(10,654)	9,559	(23,216)	
Taxes other than income taxes	107,963	107,579	217,865	
Federal and state income taxes	150,692	126,657	280,915	
Total operating expenses	1,582,987	1,629,168	3,003,764	3
OPERATING INCOME	428,554	389,716	815,667	
OTHER INCOME (EXPENSE):				
Allowance for equity funds used during construction	2,524	2,723	4,610	
Deferred return on Plant Vogtle (Note G)	-	11,515	-	
Write-off of Plant Vogtle costs (Note A)	-	-	-	
Income tax reduction for write-off of Plant Vogtle costs (Note A)	-	-	-	
Interest income	6,884	5,246	13,685	
Other, net	(1,031)	(12,647)	(2,993)	
Other income taxes applicable to other income	1,119	6,790	6,258	
INCOME BEFORE INTEREST CHARGES	438,050	403,343	837,227	
INTEREST CHARGES AND PREFERRED DIVIDENDS:				
Interest on long-term debt	176,169	194,145	352,763	
Allowance for debt funds used during construction	(3,404)	(4,286)	(6,614)	
Interest on notes payable	4,845	6,844	8,530	
Amortization of debt discount, premium and expense, net	2,823	2,330	5,488	
Other interest charges	8,812	6,484	16,502	
Preferred dividends of subsidiary companies	25,630	27,125	52,595	
Net interest charges and preferred dividends	214,875	232,642	429,264	
CONSOLIDATED NET INCOME	$ 223,175	$ 170,701	$ 407,963	$
AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING (Thousands)	315,654	315,654	315,654	
EARNINGS PER SHARE OF COMMON STOCK	$0.70	$ 0.55	$1.29	
CASH DIVIDENDS PAID PER SHARE OF COMMON STOCK	$0.55	$0.535	$1.10	

( ) Denotes red figure.

The accompanying notes are an integral part of these condensed statements.

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Stated in Thousands of Dollars)

For the Six Mon
Ended June 30

1992 199

317,857	626,747	609,012	1,338,989	1,216,180
183,989	292,261	321,719	607,927	630,378
192,867	382,193	382,626	762,706	759,263
9,559	(23,216)	19,117	(26,325)	35,873
107,579	217,865	214,804	434,570	422,533
126,657	280,915			
		230,349	668,839	547,829
1,629,168	3,003,764	3,069,411	6,245,221	6,503,955
389,716	815,667	736,065	1,818,584	1,634,212
2,723	4,610	8,260	9,192	25,935
11,515	-	22,731	11,819	58,185
-	-	-	-	(281,254)
-	-	-	-	63,231
5,246	13,685	12,457	31,321	27,198
(12,647)	(2,993)	(23,191)	(36,215)	(67,329)
6,790	6,258	11,657	15,369	41,431
403,343	837,227	767,979	1,850,070	1,501,609
194,145	352,763	388,286	721,357	780,759
(4,286)	(6,614)	(12,781)	(12,301)	(31,195)
6,844	8,530	12,573	16,282	24,042
2,330	5,488	4,536	10,396	9,843
6,484	16,502	13,307	31,348	24,403
27,125	52,595	54,154	106,512	110,969
232,642	429,264	460,075	873,594	918,821
$ 170,701	$ 407,963	$ 307,904	$ 976,476	$ 582,788
315,654	315,654	315,654	315,654	315,654
$ 0.55	$1.29	$0.98	$3.09	$1.85
$0.535	$1.10	$1.07	$2.17	$2.14

hese condensed statements.

D SUBSIDIARY COMPANIES

CASH FLOWS (UNAUDITED)
nds of Dollars)

For the Six Months Ended June 30,	
1992	1991

(REMAINDER OF PRECEDING PAGE)

OPERATING ACTIVITIES:		
Consolidated net income	$ 407,963	$ 307,9
Adjustments to reconcile consolidated net income to net cash provided by operating activities--		
Depreciation and amortization	479,669	484,8
Deferred income taxes, net	120,640	28,7
Allowance for equity funds used during construction	(4,610)	(8,2
Deferred Plant Vogtle costs	(23,216)	(3,6
Other, net	(70,892)	(3,2
Changes in certain current assets and liabilities--		
Receivables, net	(32,919)	(44,2
Fossil fuel stock	(12,485)	(51,6
Materials and supplies	5,944	(12,2
Accounts payable	(56,236)	(43,4
Other	(96,006)	3,3
Net cash provided from operating activities	717,852	657,9
INVESTING ACTIVITIES:		
Gross property additions	(536,447)	(580,9
Sales of property	43,602	-
Adjustments to property additions, net	(15,722)	(28,7
Net cash used in investing activities	(508,567)	(609,6
FINANCING ACTIVITIES:		
Proceeds--		
Preferred stock	219,500	-
First mortgage bonds	500,000	150,0
Pollution control bonds	35,955	45,7
Other long-term debt	36,478	28,4
Redemptions--		
Preferred stock	(160,500)	(22,6
First mortgage bonds	(425,770)	(345,4
Pollution control bonds	(37,540)	(47,9
Other long-term debt	(35,902)	(31,4

*** A10 ***

	$ 407,963	$ 307,904
income		
ties--		
	479,669	484,812
	120,640	28,753
	(4,610)	(8,260)
	(23,216)	(3,614)
	(70,892)	(3,277)
	(32,919)	(44,286)
	(12,485)	(51,648)
	5,944	(12,277)
	(56,236)	(43,495)
	(96,006)	3,343
s	717,852	657,955
	(536,447)	(580,943)
	43,602	-
	(15,722)	(28,702)
	(508,567)	(609,645)
	219,500	-
	500,000	150,000
	35,955	45,700
	36,478	28,488
	(160,500)	(22,618)
	(425,770)	(345,457)
	(37,540)	(47,960)
	(35,902)	(31,429)

Special deposits - redemption funds	(43,006)	-
Notes payable, net	135,528	391,7
Payment of common stock dividends	(347,219)	(337,7
Miscellaneous	(40,756)	(10,1
Net cash provided from (used in) financing activities	(163,232)	(179,3
NET CHANGE IN CASH AND TEMPORARY CASH INVESTMENTS	46,053	(131,0
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD	106,286	186,0
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD	$ 152,339	$ 54,9
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for--		
Interest (net of amount capitalized)	$ 363,894	$ 409,2
Income taxes	$ 223,485	$ 115,2

The accompanying notes are an integral part of these condensed statement

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES

CONDENSED BALANCE SHEETS
(Stated in Thousands of Dollars)

ASSETS

	At June 30, 1992 (Unaudited)	At December 31, 1991
UTILITY PLANT:		
Plant in service	$26,623,924	$26,408,514
Less accumulated provision for depreciation	7,994,461	7,683,856
	18,629,463	18,724,658
Nuclear fuel, at amortized cost	271,471	300,985
Construction work in progress	718,910	603,394
Total	19,619,844	19,629,037
Less property-related accumulated deferred income taxes	3,107,430	3,020,397
Total	16,512,414	16,608,640
OTHER PROPERTY AND INVESTMENTS:		
Securities received from settlement of disputed contracts	208,817	201,594
Miscellaneous	128,441	109,904
Total	337,258	311,498
CURRENT ASSETS:		
Cash	50,934	36,872
Temporary cash investments, at cost which approximates market	101,405	69,414
Special deposits-redemption funds	43,006	-
Receivables, less accumulated provisions for uncollectible accounts of $10,830 at June 30, 1992 and $12,568 at December 31, 1991	905,767	889,024
Fossil fuel stock, at average cost	451,206	438,721
Materials and supplies, at average cost	451,115	457,059
Prepayments	245,225	222,253

	(43,006)	-
	135,528	391,749
	(347,219)	(337,750)
	(40,756)	(10,105)
ctivities	(163,232)	(179,382)
	46,053	(131,072)
	106,286	186,009
	$ 152,339	$ 54,937
	$ 363,894	$ 409,207
	$ 223,485	$ 115,235

part of these condensed statements.

ARY COMPANIES

ETS
ollars)

une 30, 1992 audited)	At December 31, 1991
623,924	$26,408,514
994,461	7,683,856
629,463	18,724,658
271,471	300,985
718,910	603,394
619,844	19,629,037
107,430	3,020,397
512,414	16,608,640
208,817	201,594
128,441	109,904
337,258	311,498
50,934	36,872
101,405	69,414
43,006	-
905,767	889,024
451,206	438,721
451,115	457,059
245,225	222,253

(REMAINDER OF PRECEDING PAGE)

Miscellaneous	77,565	75,201
Total	2,326,223	2,188,544
DEFERRED CHARGES:		
Deferred Plant Vogtle costs (Note G)	384,886	375,028
Debt expense, being amortized	23,547	22,861
Premium on reacquired debt, being amortized	146,760	125,693
Deferred fuel commitments	97,110	105,541
Miscellaneous	152,842	124,885
Total	805,145	754,008
TOTAL ASSETS	$19,981,040	$19,862,690

The accompanying notes are an integral part of these condensed statements.

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES

CONDENSED BALANCE SHEETS
(Stated in Thousands of Dollars)

CAPITALIZATION AND LIABILITIES

	At June 30, 1992 (Unaudited)	At December 31, 1991
CAPITALIZATION:		
Common stock, par value $5 per share - Authorized - 500,000,000 shares; Outstanding - June 30, 1992 and December 31, 1991:		

315,653,667 shares	$ 1,578,268	$ 1,578,268
Amount paid in for common stock in excess of par value	2,905,694	2,905,997
Premium on preferred stock	1,423	1,853
Earnings retained in the business	2,536,995	2,490,306
	7,022,380	6,976,424
Preferred stock	1,271,272	1,206,772
Preferred stock subject to mandatory redemption	72,500	126,250
Long-term debt	7,752,650	7,991,141
Total	16,118,802	16,300,587
CURRENT LIABILITIES:		
Preferred stock due within one year	55,500	7,250
Long-term debt due within one year	531,043	217,261
Notes payable	321,968	301,688
Commercial paper	115,248	-
Accounts payable	511,329	581,714
Customer deposits	99,548	94,938
Taxes accrued--		
Federal and state income	30,081	75,676
Other	150,628	138,529
Interest accrued	224,039	221,167
Vacation pay accrued	85,429	83,606
Miscellaneous	193,747	242,003
Total	2,318,560	1,963,832
DEFERRED CREDITS AND OTHER LIABILITIES:		
Accumulated deferred investment tax credits	981,909	1,004,083
Disallowed Plant Vogtle capacity buyback costs	97,431	109,537
Prepaid capacity revenues	148,616	149,534
Miscellaneous	315,722	335,117
Total	1,543,678	1,598,271
TOTAL CAPITALIZATION AND LIABILITIES	$19,981,040	$19,862,690

The accompanying notes are an integral part of these condensed statements.

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES

NOTES TO CONDENSED FINANCIAL STATEMENTS:

(A) In September 1990, GEORGIA recorded a write-off of $218 million, after taxes, related to certain costs of Plant Vogtle. The write-off included costs disallowed by the Georgia Public Service Commission (GPSC) and the costs of a partially completed low-level radioactive waste processing facility located at Plant Vogtle that was canceled. For further information on the matter, see Note 2 to the financial statements in SOUTHERN's 1991 Annual Report to Stockholders.

(B) Reference is made to Item 3 - LEGAL PROCEEDINGS in SOUTHERN's Annual Report on Form 10-K for the year ended December 31, 1991, for a description of a suit against SOUTHERN and certain current and former members of its board of directors. The complaint alleges violations of the Securities Act of 1933, as amended, and breach of fiduciary duty in connection with various disclosure items.

(REMAINDER OF PRECEDING PAGE)

Also discussed therein is a description of the proceedings related to a derivative action filed against certain current and former directors and officers of SOUTHERN.

(C) Reference is made to Item 1 - BUSINESS - "Long-Term Power Sales Agreements" in SOUTHERN's Annual Report on Form 10-K for the year ended December 31, 1991, for a discussion of the settlement of suits filed by Gulf States and SOUTHERN's affected operating subsidiaries concerning off-system capacity and energy sales contracts. As discussed therein, a portion of the settlement is comprised of a stock price differential agreement pursuant to which Gulf States is to pay the difference between $18.25 and the highest average five-day price of Gulf States' common stock between closing and December 31, 1992, on the six million shares of its common stock held by SOUTHERN's affected operating subsidiaries. On June 8, 1992, Gulf States announced that it had agreed to merge with Entergy Corporation, a registered public utility holding company headquartered in New Orleans, Louisiana. Under the terms of the merger agreement, upon receipt of all required regulatory and shareholder approvals, Gulf States shareholders will receive $20 per share in cash or common stock in the merged company, at the election of the shareholder subject to a limitation of $250 million on the aggregate amount of cash available for such electing shareholders. Management cannot predict when, or if, the proposed merger will be consummated. As of July 31, 1992, the highest average five-day trade price since closing was $15.95.

(D) See Item 3 - LEGAL PROCEEDINGS in SOUTHERN's Annual Report on Form 10-K for the year ended December 31, 1991, for information regarding an investigation by the U.S. Attorney for the Northern District of Georgia and the civil examination by the IRS of the consolidated income tax returns for the years 1983 through 1987.

See also Item 3 - LEGAL PROCEEDINGS in SOUTHERN's Annual Report on Form 10-K for the year ended December 31, 1991, for a discussion of civil suits filed against various SOUTHERN subsidiaries, SOUTHERN and other parties that related to certain federal government investigations. Motions to dismiss these actions have been filed by the defendants, and the motions to dismiss have been granted in the cases filed in Alabama and Georgia. Plaintiffs in the Alabama and Georgia cases appealed the dismissals to the U.S. Court of Appeals for the Eleventh Circuit. A three-judge panel of the court of appeals, in May 1991, reversed the dismissals and remanded these cases to the respective trial courts. On July 24, 1992, on rehearing, the full Eleventh Circuit court vacated the panel decision and reinstated the dismissal orders of district courts.

(E) Reference is made to Item 1 - BUSINESS - "Rate Matters" in SOUTHERN's Annual Report on Form 10-K for the year ended December 31, 1991, for a discussion of the hearings ordered by the Federal Energy Regulatory Commission (FERC) regarding the reasonableness of the return on common equity on certain of the Southern electric system's wholesale rate schedules and contracts.

(F) Reference is made to Item 3 - LEGAL PROCEEDINGS in SOUTHERN's Annual Report on Form 10-K for the year ended December 31, 1991, for a discussion of a civil suit filed against Alabama Power Company (ALABAMA) concerning ALABAMA's financing of heat pumps and other merchandise.

(G) Effective October 3, 1991, the GPSC granted GEORGIA a retail rate increase of approximately $117 million. In addition, the order modified Plant Vogtle's phase-in plans. The modifications accelerate the recognition of costs previously deferred under the Vogtle Unit 2 phase-in plan and levelize the Vogtle declining capacity buyback expenses. The rate order requires the amortization of deferred costs over an eight-year period beginning October 1991 rather than over the five-year period beginning October 1994 as previously prescribed. Capacity buyback expense from the co-owners of Plant Vogtle will be levelized over a six-year period beginning October 1991. This results in cost deferrals during the first three years and subsequent amortization of the deferred amount in the last three years. Also, the GPSC ordered lower depreciation rates for GEORGIA.

Pursuant to orders from the GPSC, GEORGIA has deferred financing and depreciation costs under phase-in plans for Plant Vogtle Units 1 and 2 (as modified in the October 1991 rate order)

(REMAINDER OF PRECEDING PAGE)

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES

NOTES TO CONDENSED FINANCIAL STATEMENTS: (Continued)

until the allowed investment was fully reflected in rates as of October 1991. In addition, the GPSC issued two separate accounting orders that required GEORGIA to defer substantially all operating and financing costs related to both units until rate orders addressed those costs.

GEORGIA has deferred these Plant Vogtle costs, including the capacity buyback expense discussed above, and begun amortizing these costs (as recovered through rates) as follows (in millions):

	3 Months Ended June		6 Months Ended June	
	1992	1991	1992	1991
Deferred:				
Financing costs	$ -	$12	$ -	$23
Capacity buyback expense	29	-	58	-
Other operating expenses	-	3	-	5
Amortization of amounts deferred	(18)	(12)	(35)	(24)
Income tax	(5)	(1)	(13)	-
Net amounts deferred	$ 6	$ 2	$10	$ 4

( ) Indicates charge to income.

Each GPSC order calls for recovery of deferred costs within 10 years. The deferred financing costs include equity returns, except in the case of the Unit 2 accounting order. That order authorized ntinued)

flected in rates as of
ed two separate accounting
stantially all operating
until rate orders

e costs, including the
and begun amortizing
as follows (in millions):

Months Ended June		6 Months Ended June		12 Months Ended June		Cumulative through June 30, 1992
992	1991	1992	1991	1992	1991	
-	$12	$ -	$23	$12	$58	$388
9	-	58	-	88	-	88
-	3	-	5	2	12	279
8)	(12)	(35)	(24)	(64)	(48)	(202)
5)	(1)	(13)	-	(21)	(3)	(168)
6	$ 2	$10	$ 4	$17	$19	$385

deferred costs within 10
ude equity returns, except
r. That order authorized

the deferral and eventual recovery of approximately $22 million of equity return, but under current accounting rules, this equity return is being credited to income as it is billed to customers.

In April 1990, the Supreme Court of Mississippi issued an order holding that legislation enacted in 1989 did not retroactively validate the Performance Evaluation Plan (PEP), pursuant to which the retail base rates of Mississippi Power Company (MISSISSIPPI) had been set since March 1986. Litigation regarding PEP has been pending since October 1986. The court remanded the matter to the Mississippi Public Service Commission (MPSC) to determine the amount of revenues, if any, collected contrary to law or in excess of lawful rates and to order refunds or credits as necessary. Pursuant to the court order, the MPSC allowed PEP to expire on April 30, 1990.

The Mississippi Legislature passed legislation which was signed into law on June 30, 1990, specifically clarifying the Legislature's intent to retroactively validate PEP-type plans.

In April 1990, in anticipation of the expiration of PEP, MISSISSIPPI filed with the MPSC requests for rates designed to maintain its retail rates at the level then in effect. The MPSC approved these rate requests in June 1990. Interveners appealed this decision to the Supreme Court of Mississippi. In May 1992, the Mississippi Supreme Court affirmed the MPSC's decision to approve MISSISSIPPI's 1990 request to maintain its rates at the levels then in effect. A petition for rehearing is currently pending before the Mississippi Supreme Court.

By order dated July 31, 1992, the MPSC found that MISSISSIPPI did not collect any excess revenues under the PEP during its existence from March 1986 through April 1990. The MPSC's order concluded that legislation enacted by the Mississippi Legislature and signed into law in June 1990 retroactively validated PEP and revenue adjustments thereunder and, therefore, precluded any refunds from the operation of PEP. The MPSC's order of July 1992 is subject to appeal to the Mississippi Supreme Court by various interveners. In management's opinion the outcome of this matter will not have a material effect on SOUTHERN's financial statements.

In August 1990, the MPSC ordered MISSISSIPPI to prepare and file a proposed Performance Evaluation Plan (PEP-1) similar to the one previously adopted. In December 1990, the MPSC approved MISSISSIPPI's retail rates being set in accordance with PEP-1.

(REMAINDER OF PRECEDING PAGE)

Under PEP-1 any change in rates is based on quarterly reviews of MISSISSIPPI's earned retail return on end-of-period common equity, compared to an allowed return, in conjunction with an evaluation of MISSISSIPPI's performance in specified areas. A change in rates is limited to 2% of retail revenues per quarter, up to 4% in any calendar year, before a public hearing is required. PEP-1 will remain in effect until the MPSC modifies or terminates the plan.

(I) Reference is made to Note 3 to the Consolidated Financial Statements in SOUTHERN's 1991 Annual Report to Stockholders for information concerning the Rocky Mountain hydroelectric project.

(J) Certain energy sales that were classified as purchased and interchanged power, net in prior periods, were reclassified effective December 1991 to operating revenues and kilowatthour sales in accordance with current accounting requirements of the FERC.

SOUTHERN COMPANY AND SUBSIDIARY COMPANIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

SOUTHERN's earnings for the second quarter of 1992 improved over the second quarter of 1991 because of lower maintenance and interest expense coupled with retail rate increases granted to three of the operating subsidiaries. Additionally, GEORGIA's retail order mandated deferrals of certain costs and a lower depreciation rate. See Note (G) to the Condensed Consolidated Financial Statements herein for details of GEORGIA's rate order.

Net Income

Consolidated net income was $223 million for the second quarter of 1992, compared to $171 million for the second quarter of 1991. Earnings per share were $0.70 in the second quarter of 1992, compared to $0.55 in the corresponding period of 1991.

Revenues

Revenues for the second quarter of 1992 decreased slightly from the corresponding period of 1991 due to flat retail energy sales and lower wholesale energy sales. The economy in the Southern electric system's service area began showing signs of emerging from the national recession as industrial energy sales increased 2.7%. However, the contrast of weather between the two periods depressed residential and, to a lesser extent, commercial energy sales. Wholesale energy sales decreased primarily due to scheduled reductions under unit power sales contracts. Capacity revenues for the second quarter of 1992 were $14.4 million less than in the second quarter of 1991.

Expenses

Fuel expense for the second quarter of 1992, compared to the second quarter of 1991, decreased due primarily to the displacement of fossil generation with less expensive nuclear generation and lower fuel costs. The average cost of fuel per kilowatthour generated was 1.67 cents in the second quarter of 1992 and 1.77 cents in the second quarter of 1991. The increase in purchased power expense was necessitated by a sharp drop in hydro generation. See Note (G) to the Condensed Consolidated Financial Statements herein for information regarding the GPSC's retail rate order that required the levelization of capacity buyback expense for Plant Vogtle and lower depreciation rates. Lower maintenance expenses reflect less scheduled maintenance on generating facilities. Additionally, GEORGIA, as ordered by the GPSC, began levelizing nuclear maintenance expense incurred during a refueling

Results of Operations (Continued)

outage and amortizing the deferred amounts over 18 months. The increase in income taxes mirrors the earnings recovery. Net interest charges and preferred dividends have decreased because of refinancings.

Other Income

(REMAINDER OF PRECEDING PAGE)

The deferred return recorded under the phase-in plan for Plant Vogtle Unit 2 ceased in October 1991 as the allowed investment was fully phased into rates.

Allowance for Funds Used During Construction (AFUDC)

AFUDC represents the cost of capital charged to utility plant under construction and not included in rate base. The equity portion represents non-cash income. However, when facilities are completed and included in rate base, previously capitalized amounts significantly increase cash flow because revenues are higher as a result of the increased rate base and additional depreciation expense. GEORGIA began recording a deferred return similar to AFUDC on both units of Plant Vogtle after they entered commercial operation. The deferred return decreased as the investment was recognized in rate base. AFUDC and, for the second quarter of 1991, the deferred return on Plant Vogtle, net of income taxes, as a percent of net income was 2% in the second quarter of 1992, compared to 9% in the corresponding period of 1991.

Future Earnings Potential

The results of operations discussed above are not necessarily indicative of future earnings potential. The level of future earnings depends on numerous factors including regulatory matters and growth in energy sales.

Future earnings will be positively impacted by GEORGIA's retail rate increase of $117 million annually, effective October 3, 1991. The order also modifies the Vogtle Unit 2 Phase-In Plan. The order provides for the levelizing of capacity buy-back expense from the co-owners of Plant Vogtle over six years and accelerates the recognition of Plant Vogtle Unit 2 phase-in deferred costs. These changes will result in net near-term expense deferrals. The order also lowers GEORGIA's depreciation expense. ALABAMA's retail rates increased 1.4% and 1.03% on July 1, 1991 and January 1, 1992, respectively. MISSISSIPPI's retail rates increased 2.0% effective December 23, 1991.

Results of Operations (Continued)

Reference is made to Notes 2 and 3 to the Financial Statements in SOUTHERN's 1991 Annual Report to Stockholders for further discussion of various uncertainties and legal proceedings related to: the Rocky Mountain hydroelectric project; the resolution of the IRS civil examination; a civil suit related to financing agreements by ALABAMA; the outcome of a stockholder's suit pending against SOUTHERN and the outcome of a proceeding initiated by the FERC to determine the appropriate return on equity on wholesale power and transmission contracts.

In July 1992, the GPSC adopted GEORGIA's and Savannah Electric and Power Company's (SAVANNAH) Integrated Resource Plans. As discussed further in Item 1 - BUSINESS - "Rate Matters" in SOUTHERN's Annual Report on Form 10-K for 1991, the GPSC must specify how it believes GEORGIA and SAVANNAH should meet future electrical needs through a combination of demand-side and supply-side resources. The GPSC is expected to rule by January 1993 on the certification of certain of the demand-side and supply-side resources specified in the plan and on the recovery of GEORGIA's and SAVANNAH's costs that would be incurred upon the implementation of the demand-side programs. Also in July 1992, the MPSC approved MISSISSIPPI's amended request for a $532,000 annual retail increase to recover costs associated with environmental projects approved by the MPSC.

The Financial Accounting Standards Board (FASB) has issued new rules for accounting for income taxes (Statement No. 109) and accounting for retirees' health care and life insurance benefits (Statement No. 106) that are currently scheduled to be effective in 1993. GEORGIA has been ordered by the GPSC to continue recovering the cost of post-retirement benefits other than pensions as they are paid and to defer the difference for future recovery. The public accounting profession and the SEC staff are currently discussing whether such cost deferrals are appropriate under generally accepted accounting principles. For additional information on the effect of the FASB's rulemaking, see Note 1 to the financial statements in SOUTHERN's 1991 Annual Report to Stockholders.

Future earnings will depend upon growth in energy sales, which will be subject to a number of factors. These factors include changes in contracts with neighboring utilities, energy conservation practiced by customers, the elasticity of demand, weather, deregulation, competition, open transmission access and the rate of economic growth in the system service area. Also, costs associated with compliance with the Clean Air Act Amendments of 1990 could reduce earnings if such costs cannot be billed to customers.

(REMAINDER OF PRECEDING PAGE)

SOUTHERN COMPANY AND SUBSIDIARY COMPANIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Financial Condition

The major changes in SOUTHERN's financial condition during the first six months of 1992 were the addition of approximately $536 million to utility plant, the sale of a portion of Plant Miller and further refinancings. The funds for capital expenditures and other capital needs were derived primarily from operations, the Plant Miller sale and an increase in notes payable. See the Condensed Consolidated Statements of Cash Flows for further details. Additionally, certain other issues, discussed in the Notes to the Condensed Consolidated Financial Statements herein, are pending that may have an impact on SOUTHERN's financial condition.

Capital Structure

One of SOUTHERN's goals is to maintain common equity as a percent of total capitalization within a range of 40 to 45%. This ratio was 43.6% at June 30, 1992, compared to 42.8% at December 31, 1991. The market price of SOUTHERN's common stock at June 30, 1992, was $34.875

per share, compared to a book value of $22.25. This represents a market-to-book value ratio of 157%. The quarterly dividend for the second quarter of 1992 was 55 cents per share.

Through August 7, 1992, SOUTHERN's operating subsidiaries have completed security sales for $329.5 million of preferred stock, $900 million of first mortgage bonds and $111 million of pollution control obligations, the vast majority of which was used or will be used for the redemption of various high-cost securities. Additional high-cost securities were redeemed via sinking and improvement funds and utilizing funds from ALABAMA's property sale. As a result of such transactions, annualized preferred stock dividends and interest on long-term debt will be reduced by $4.6 million and $52.3 million, respectively. However, such savings will be partially offset by the amortization of premium on reacquired debt and higher levels of short-term indebtedness.

Capital Requirements for Construction

Capital expenditures of the Southern electric system are budgeted at $4.7 billion for the three years 1992 through 1994 ($1.4 billion in 1992, $1.6 billion in 1993 and $1.7 billion in 1994). Actual capital expenditures may vary from this estimate because of such factors as changes in nuclear plants to meet new regulations; changes in environmental regulations; revised load projections; the cost and efficiency of construction labor, equipment and materials and the cost of capital.

SOUTHERN COMPANY AND SUBSIDIARY COMPANIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Financial Condition (Continued)

Current energy demand forecasts do not require any additional baseload generating facilities until well into the future. However, the construction of combustion turbine peaking units of approximately 1,200 megawatts is planned by 1995 to meet the increased peak-hour demands. In addition, significant construction of transmission and distribution facilities and upgrading of generating plants will continue. GEORGIA and Oglethorpe Power Corporation (OPC) have entered into a joint ownership agreement for OPC to assume responsibility for the construction and completion of the Rocky Mountain project. This agreement is described further in Note 5 to the financial statements of SOUTHERN's 1991 Annual Report to Stockholders.

Changes in environmental regulations could substantially increase the Southern electric system's capital requirements and operating costs. The Clean Air Act Amendments of 1990 have been enacted, and the acid rain compliance provision will have a significant impact on the Southern electric system. This legislation, as well as other legislation and regulations, are described in Item 1 - BUSINESS -

"Regulation" in SOUTHERN's Annual Report on Form 10-K for the year ended December 31, 1991. The full impact of these requirements cannot be determined at this time, pending the development and implementation of applicable regulations. There can be no assurance that compliance costs will be recovered through corresponding increases in rates.

Other Capital Requirements

In addition to the funds needed for capital expenditures, approximately $587 million will be required by June 30, 1993, for present sinking fund requirements, redemptions and maturities of long-term debt and preferred stock. Also, the operating subsidiaries plan to continue a program to retire high-cost debt and preferred stock and replace these obligations with lower-cost capital.

Sources of Funds

Current projections indicate that, for the immediate future, SOUTHERN does not need additional equity capital from the sale of common stock. The operating subsidiaries plan to obtain the funds required for construction and other purposes from sources similar to those used in the past. However, the type and timing of financings will depend on market conditions, maintenance of adequate earnings, and

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Financial Condition (Continued)

regulatory approval. Additionally, GEORGIA will receive approximately $514 million during 1993 through 1995 from the sale of its remaining ownership interest in Plant Scherer Unit 4. These property sales are discussed further in SOUTHERN's Annual Report on Form 10-K for the year ended December 31, 1991, under Item 2 - PROPERTIES - "Proposed Sales of Property." Also see Note (C) to the Condensed Consolidated Financial Statements herein for information regarding the Gulf States settlement.

To meet short-term cash needs and contingencies, the system companies had at June 30, 1992, approximately $195 million of cash, temporary cash investments and special deposits held for redemption of securities and approximately $854 million of unused credit arrangements with banks. At June 30, 1992, the system companies had outstanding $437 million of short-term indebtedness. The short-term lines of credit may not be utilized in their entirety without additional regulatory approval. Since the construction program with respect to major generating projects has been completed, management believes that the need for working capital can be adequately met by utilizing lines of credit without maintaining large cash balances.

In order to issue additional long-term debt and preferred stock, the operating subsidiaries must comply with certain earnings coverage requirements outlined in their mortgage indentures and corporate charters. The ability to issue securities in the future will depend on coverages at that time. These coverages at June 30, 1992, were as follows:

	Mortgage Coverage (2.00 Required)	Charter Coverage (1.50 Required)
ALABAMA	4.77	2.40
GEORGIA	5.41	2.14
GULF	5.02	2.45
MISSISSIPPI	3.57	2.18
SAVANNAH	4.85*	2.73

*2.50 required

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES

PART II - OTHER INFORMATION

(REMAINDER OF PRECEDING PAGE)

Item 1. Legal Proceedings.

Reference is made to the Notes to Condensed Consolidated Financial Statements herein for information regarding legal and administrative proceedings in which SOUTHERN and its subsidiaries are involved.

Item 4. Submission of Matters to a Vote of Security Holders.

SOUTHERN held its annual meeting of stockholders on May 27, 1992. The following resolutions were voted upon at this meeting.

(1) A proposal requiring additional disclosure of executive compensation was defeated by a vote of 182,596,886 shares against; 45,751,799 shares for; and 6,577,320 shares abstaining.

(2) A proposal seeking disclosure of relationships with certain consulting firms was defeated by a vote of 187,997,912 shares against; 39,582,732 shares for; and 7,345,817 shares abstaining.

(3) A proposal seeking to amend SOUTHERN's bylaws relating to the retirement date of non-employee directors was adopted by a vote of 243,563,756 shares for; 9,762,623 shares against; and 5,528,039 shares abstaining.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

Exhibit 25 - Power of Attorney and resolution. (Designated

in SOUTHERN's Form 10-K for the year ended December 31, 1991, File No. 1-3526, as Exhibit 25, and incorporated herein by reference.)

(b) Reports on Form 8-K.
There were no Form 8-K's filed during the period.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE SOUTHERN COMPANY

By Edward L. Addison*
President and Director
(Principal Executive Officer)

By W. L. Westbrook*
Financial Vice President
(Principal Financial and
Accounting Officer)

By /s/Wayne Boston
(Wayne Boston, Attorney-in-fact)

Date: August 10, 1992

[redacted]

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MANUALLY
EXECUTED

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 1991

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

PROCESSED BY
- W
MAR 23 1992
(30)

Commission File Number 33-42730-D

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

THE SOUTHSHORE CORPORATIO
(Exact name of registrant as specified in its charter)

Colorado	84-1153522
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6801 South Emporia, #203, Denver, Colorado 80112
(Address of principal executive offices)

(303) 649-0875
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The registrant had 1,670,188 shares of its $.001 par value common stock outstanding as of March 16, 1992.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE SOUTHSHORE CORPORATION
(A Development-Stage Enterprise)

BALANCE SHEETS

	March 31, 1991	December 31, 1991 (Unaudited)
ASSETS		
Current Assets:		
Cash	$ 47,404	$ 50,159
Cash, restricted (Note 3)	--	145,470
Total Current Assets	47,404	195,629
Deferred offering costs	10,000	88,179
Organization costs, net of accumulated amortization of $255 at March 31, 1991 and $654 at December 31, 1991	2,291	2,174
Deposit	-	20,450
TOTAL ASSETS	$ 59,695	$306,432
LIABILITIES, REDEEMABLE STOCK AND STOCKHOLDERS' EQUITY		
Liabilities:	$ --	$ --
Total Current Liabilities	$ --	$ --
TOTAL LIABILITIES	$ --	$ --
Commitments	-	--
Redeemable Stock	--	145,470
Stockholders' Equity:		
Preferred stock, $.01 par value 25,000,000 shares authorized, none issued and outstanding	-	-
Common stock, $.001 par value 100,000,000 shares authorized, 456,250 issued and outstanding as of March 31, 1991 and 670,188 as of December 31, 1991	456	670
Stockholders' Equity:		
Additional paid-in capital	64,544	213,304
Excess of (expenses over revenues) during development stage	(5,305)	(53,012)
TOTAL STOCKHOLDERS' EQUITY	59,695	160,962
TOTAL LIABILITIES, REDEEMABLE STOCK, AND STOCKHOLDERS' EQUITY	$ 59,695	$306,432

The accompanying notes are an integral part of the financial statements.

THE SOUTHSHORE CORPORATION
(A Development-Stage Enterprise)

STATEMENTS OF OPERATIONS
(Unaudited)

	Four Months Ended December 31, 1991	Nine Months Ended December 31, 1991	From April 17, 1990 (Date of Inception) through December 31, 1991
Revenue:			
Interest Income	$ 1,837	$ 2,271	$ 2,760
Expenses:			
Amortization	188	399	654
Rent	3,133	3,133	3,133
Market Research	-	6,600	11,908
Engineering, site plans and improvements	-	23,404	23,404
Stock issued for services	-	7,000	7,000
Other	7,376	9,442	9,673
Total Expenses	10,697	49,978	55,772
Excess of (Expenses Over Revenue) During Development Stage	$ (8,860)	$ (47,707)	$ (53,012)
Excess of (Expenses Over Revenue) During Development Stage Per Share	$ (.01)	$ (.07)	$ (.08)

The accompanying notes are an integral part of the financial statements.

THE SOUTHSHORE CORPORATION
(A Development-Stage Enterprise)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
From April 17, 1990 (Date of Inception) through December 31, 1991 (Unaudited)

Date Issued	Description Consideration	Number of Shares	Price per Share	Common Stock	Additional Paid-in Capital	Excess of (Expenses Over Revenue) During Development	Total
Balance at April 17, 1990	--	--	$ --	--	$ --	$ --	$ --
Stock Issued: January, 1991	CASH	400,000	$ 0.09	400	34,600	--	35,000
Stock Issued: January, 1991	CASH	50,000	$ 0.50	50	24,950	--	25,000
Stock Issued: February, 1991	CASH	6,250	$ 0.80	6	4,994	--	5,000
Excess of (Expenses Over Revenue) During Development Stage, period ended March 31, 1991		--		--	--	(5,305)	(5,305)
Balance at March 31, 1991	--	456,250		456	64,544	(5,305)	59,695

The accompanying notes are an integral part of the financial statements.

THE SOUTHSHORE CORPORATION
(A Development-Stage Enterprise)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY, CONTINUED
From April 17, 1990 (Date of Inception) through December 31, 1991 (Unaudited)

Date Issued	Description Consideration	Number of Shares	Price per Share	Common Stock	Additional Paid-in Capital	Excess of (Expenses Over Revenue) During Development	Total
Stock Issued: May, 1991	SERVICES	2,500	$0.80	3	1,997	--	2,000
Stock Issued: May, 1991	SERVICES	6,250	$0.80	6	4,994	--	5,000
Stock Issued: July-August, 1991	CASH NET OF OFFERING COSTS OF $40,856	205,188	$1.40	205	287,239	--	287,444
Reclassification to Redeemable Stock		--	--	--	(145,470)	--	(145,470)
Excess of (Expenses Over Revenue) During Development Stage, month ended December 31, 1991 (Unaudited)		--		--	--	(47,707)	(47,707)
Balance at August 31, 1991 (Unaudited)		670,188		$ 670	$213,304	$(53,012)	$160,962

The accompanying notes are an integral part of the financial statements.

THE SOUTHSHORE CORPORATION
(A Development-Stage Enterprise)

STATEMENTS OF CASH FLOWS
(Unaudited)

	Four Months Ended December 31, 1991	Nine Months Ended December 31, 1991	From April 17, 1990 (Date of Inception) through December 31, 1991
Cash Flows From Operating Activities:			
Excess of (Expenses Over Revenue) During Development Stage	$ (8,860)	$ (47,707)	$(53,012)
Adjustments to reconcile net income to net cash provided (used in) operating activities:			
Amortization	188	399	654
Stock issued for services	-	7,000	7,000
Net Cash (Used in) Operating Activities	(8,672)	(40,308)	(45,558)
Cash Flows From Investing Activities:			
Real estate deposit	(450)	(20,450)	(20,450)
Net cash (Used in) Investing Activities	(450)	(20,450)	(20,450)
Cash Flows From Financing Activities:			
Organization costs	-	(282)	(2,828)
Deferred offering costs	(63,429)	(78,179)	(88,179)
Issuance of stock, net of offering costs	-	287,444	352,444
Net Cash Provided Financing Activities	(63,429)	208,983	261,437

The accompanying notes are an integral part of the financial statements.

THE SOUTHSHORE CORPORATION
(A Development-Stage Enterprise)

STATEMENTS OF CASH FLOWS, CONTINUED
(Unaudited)

	Four Months Ended December 31, 1991	Nine Months Ended December 31, 1991	From April 17, 1990 (Date of Inception) through December 31, 1991
Increase (Decrease) in Cash	(72,551)	148,225	195,629
Cash, Beginning of Period	268,180	47,404	--
Cash, End of Period	$ 195,629	$ 195,629	$ 195,629
Income Taxes Paid	$ --	$ --	$ --
Interest Paid	$ --	$ --	$ --

The accompanying notes are an integral part of the financial statements.

THE SOUTHSHORE CORPORATION
(A Development-Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

(1) UNAUDITED FINANCIAL STATEMENTS

The accompanying financial statements of The Southshore Corporation as of December 31, 1991, are the responsibility of the Company's management. Except as explained in the following paragraph, management is not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles.

The accompanying financial statements should be read in conjunction with the Company's audited financial statements as of August 31, 1991.

(2) SUMMARY OF ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

(a) General

The Southshore Corporation ("Company") was incorporated under the laws of Colorado on March 26, 1990 for the purpose of engaging in any lawful business,s but intends to build a water park in the Southeast part of the Denver Metro Area. The Company first had assets on April 17, 1990 which is considered to be its date of inception. The Company is a development-stage enterprise since planned principal operations have not yet commenced. The Company has selected March 31 as its fiscal year end.

(b) Per Share Information

Per share information is computed based upon a weighted average number of shares outstanding.

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(c) Deferred Offering Costs

The Company has incurred $88,179 of deferred offering costs related to the Company's public securities registration and offering. If the offering is successful, the costs will be offset against the proceeds. If the offering is not successful, the costs will be charged to operations.

(d) Private Placement Costs

The Company incurred $40,856 of costs related to the successful private placement of offering of securities. These costs were offset against the proceeds of the offering.

(e) Organization Costs

Costs incurred of $2,828 related to the organization of the Company are being amortized on a straight-line basis over a sixty-month period.

(3) Pursuant to a private offering of May 29, 1991, $145,470 is subject to a proceeds escrow agreement to be released upon successful completion of the Company's public offering which commenced on October 11, 1991. At December 31, 1991 the offering was in progress.

(4) Real Estate Contract

During April 1991, the Company entered into a contract to acquire approximately 8-1/2 acres of land in Arapahoe County, Colorado for a cash price of approximately $222,000. In addition, the Company has an option to acquire an additional approximately 7-1/2 adjoining acres for a price of approximately $212,000. The option allows the Company to acquire the adjoining property with nothing down and the balance financed by the seller at 8% over eight years with monthly payments of $3,000. The Company has deposited $20,000 with the purchase contract. The contract is subject to certain contingencies including zoning and platting approvals and including the provision that if the Company is not successful in its securities offerings, the contract may be terminated by the Company and the $20,000 deposit will be refunded.

(5) Subsequent Event

On March 13, 1992 the Company sold 500,000 shares of common stock at $5.00 per share pursuant to its public offering and received $2,185,000 net of $250,000 in commissions and $65,000 underwriter's non-accountable expense allowance. Other expenses of the offering, including legal, accounting, printing, filing fees and underwriter's advance on expenses also must be charged to the net proceeds.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Four Months Ended December 31, 1991

No comparable information has been included since the Company was inactive from inception, April 17, 1990 through December 31, 1990. During the four months ended December 31, 1991 the Company's activities almost entirely were devoted to the filing of a registration statement on Form S-18 covering a public offering of 500,000 minimum and 1,000,000 maximum shares of common stock at $5.00 per share. In excess of $80,000 was expended for expenses relating to the offering including legal, accounting, printing and filing fees. At December 31, 1991 the offering was in progress.

The Company had no operations during the quarter. General and administrative expenses for the period were nominal. No salaries were paid during the period since only the President's salary was authorized from October 11, 1991 and it is subject to completion of the offering.

On March 13, 1992 the Company closed on the sale of 500,000 shares for gross proceeds of $2,500,000. After payment of underwriter's commissions and non-accountable expense allowance, the Company received $2,185,000. Other expenses of the offering, estimated in excess of $80,000 must be charged to the net proceeds of the offering.

PART II

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

1.1	Underwriting Agreement *
3.1	Articles of Incorporation *
3.2	Bylaws *
10.1	Underwriter's Warrant *
10.3	Incentive Stock Option Plan *
10.4	Agreement to Purchase Real Estate *

* Incorporated by reference to SEC File No. 33-42730-D filed September 11, 1991

(b) Reports on Form 8-K:

No reports on Form 8-K were filed with the SEC for the Quarter ended December 31, 1991.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE SOUTHSHORE CORPORATION

March 16, 1992	By ______________________
Date	Keith A. Lowery, President

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

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[x] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT of 1934
For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT of 1934
For the transition period from_____to_____

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COMMISSION FILE NUMBER: 0-452

TECUMSEH PRODUCTS COMPANY

(Exact name of registrant as specified in its charter)

MICHIGAN	38-1093240
(State of incorporation)	(IRS Employer Identification Number)

OTTAWA AND PATTERSON STREETS
TECUMSEH, MICHIGAN 49286
(Address of Principal Executive Offices)

Telephone Number: (517) 423-8411

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Stock	Outstanding at April 30,1992
Class B Common Stock, $1.00 par value	5,470,146
Class A Common Stock, $1.00 par value	-0-

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TECUMSEH PRODUCTS COMPANY AND SUBSIDIARIES

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TECUMSEH PRODUCTS COMPANY AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION – Item 1
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Unaudited and subject to year end adjustments)
(Dollars in millions except per share amounts)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
INCOME:		
Net sales	$332.4	$317.5
Interest income	7.0	5.0
Other income	0.6	0.5
	340.0	323.0
EXPENSES:		
Cost of sales and operating expenses	288.7	290.2
Selling and administrative expenses	20.7	19.6
Interest expense	1.7	1.2
Other expenses	2.0	1.1
	313.1	312.1
INCOME BEFORE TAXES ON INCOME	26.9	10.9
Taxes on income	11.1	6.0
NET INCOME	$15.8	$4.9
NET INCOME PER SHARE	$1.45	$0.45
CASH DIVIDENDS DECLARED PER SHARE	$0.40	$0.40

The above per share amounts have been adjusted to reflect a 100% stock dividend payable May 29, 1992 to shareholders of record on May 8, 1992.

The accompanying notes are an integral part of these statements.

TECUMSEH PRODUCTS COMPANY AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION – Item 1
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited and subject to year end adjustments)
(Dollars in millions)

	Three Months Ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$15.8	$4.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13.7	13.1
Accounts receivable	(36.3)	(33.3)
Inventories	(12.5)	(3.7)
Payables and accrued expenses	38.9	31.1
Other	2.4	(5.4)
CASH PROVIDED BY OPERATIONS	22.0	6.7
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(14.1)	(17.2)
CASH USED IN INVESTING ACTIVITIES	(14.1)	(17.2)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(4.4)	(4.4)
Increase (decrease) in borrowings	(0.9)	(7.2)
CASH USED IN FINANCING ACTIVITIES	(5.3)	(11.6)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(5.4)	(5.3)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2.8)	(27.4)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	256.4	240.3
END OF PERIOD	$253.6	$212.9

The accompanying notes are an integral part of these statements.

TECUMSEH PRODUCTS COMPANY AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION - Item 1
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. The condensed consolidated financial statements are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report for the fiscal year ended December 31, 1991. Due to the seasonal nature of the Company's business, the results of operations for the interim period are not necessarily indicative of the results for the entire fiscal year.

2. Inventories consisted of:

(Dollars in Millions)

	March 31, 1992	December 31, 1991
Raw material and work in process	$ 99.8	$ 98.0
Finished goods	58.3	51.0
Supplies	11.1	10.9
	$169.2	$159.9

3. On April 22, 1992, the Company's stockholders approved an amendment which reclassified the existing common stock to voting Class B common stock, created a new class of non-voting Class A common stock and divided the authorized 50,000,000 shares of common stock into 25,000,000 shares of Class A common stock and 25,000,000 shares of Class B common stock.

The shares of Class A common stock and Class B common stock are identical except as to voting rights. Class A common stock has no voting rights, other than those required by law.

Stockholders of record on May 8, 1992 will receive one share of Class A common stock for each share of Class B common stock in the form of a stock dividend payable May 29, 1992. Accordingly, all stock accounts and per share amounts shown in the accompanying financial statements have been adjusted to give effect to the stock dividend. The par value of Class A shares to be issued was transferred from retained earnings to Class A common stock, $1 par value.

4. Various lawsuits and claims, including those involving ordinary routine litigation incidental to its business, to which the Company is a party, are pending, or have been asserted, against the Company. In addition, the Company has accrued the estimated costs of anticipated remedial action in connection with certain environmental matters.

   Although the outcome of the aforementioned matters cannot be predicted with certainty, and some of them may be disposed of unfavorably to the Company, management has no reason to believe that their ultimate disposition will have a materially adverse effect on the consolidated financial position of the Company.

PART I. FINANCIAL INFORMATION - Item 2
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Earnings for the first quarter of 1992 were $15.8 million, or $1.45 per share, compared to $4.9 million, or $.45 per share in 1991. These earnings per share amounts for 1992 and 1991 have been adjusted to reflect the 100% dividend payable May 29, 1992 in shares of new, non-voting Class A common stock to holders of record of Class B common stock on May 8, 1992. The dividend declaration followed the shareholders' approval of an amendment which reclassified the former common stock as voting Class B common stock and created the new Class A common stock.

Sales of $332.4 million for the first quarter of 1992 represent a 5% increase over the first quarter of 1991. Export sales of U.S. built compressors in the first quarter of 1992 were twice the levels reported in 1991, due primarily to tremendous growth in the demand for air conditioning equipment in non-traditional Asian markets. Profitability of the U.S. compressor operations improved as a result of volume driven production efficiencies along with other cost control measures.

Our Brazilian subsidiary, SICOM, Ltda, also contributed to the sales and profitability gains in 1992 after incurring operating losses in the first quarter of 1991. The Brazilian administration is attempting to control inflation through a strict monetary policy. Although SICOM's financial income benefited from the high real interest rates caused by this policy, local demand for appliances suffered from its recessionary impact. Fortunately, a fairly valued cruzeiro allowed SICOM to profitably increase its export business, particularly in other Latin American countries.

L'Unite Hermetique, our French subsidiary, experienced a 12% sales decline in 1992, which reflected continued weakness in the Company's major markets in Western Europe. Increased competition from Far East suppliers of appliance compressors put downward pressure on selling prices which, along with lower volume in commercial applications, reduced operating margins of L'Unite Hermetique.

Sales of the Company's gasoline engines were flat in the first quarter of 1992, both in North America and Europe. Segment operating profit was up compared to 1991 due mainly to cost control measures at Tecnamotor, the Company's Italian subsidiary, and somewhat lower material costs.

The effective income tax rate for 1992 decreased from 55% to 41% because of a reduction in losses at certain foreign subsidiaries for which no tax benefit could be recognized.

FINANCIAL CONDITION AND OTHER MATTERS

The Company continued to maintain a strong and liquid financial position. Cash flow from operations was $22.0 million in the first quarter of 1992, up from $6.7 million in 1991, primarily due to higher net income. Working capital of $411.4 million was up from $403.1 at December 31, 1991 and the ratio of current assets to current liabilities continued to exceed 2.5. Capital expenditures for the first quarter of 1992 include $5.7 million for our new Quadro-Flex compressor line. Working capital requirements and planned capital expenditures for 1992 and early 1993 are expected to be financed primarily through internally available funds.

We are cautiously optimistic about operating results for the balance of 1992. Demand in the Company's export markets should remain strong throughout the year. Economic conditions in the U.S. are encouraging, although early season weather conditions are a key factor in both compressor and engine segments.

TECUMSEH PRODUCTS COMPANY AND SUBSIDIARIES
PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

(a) The annual meeting of stockholders was held on April 22, 1992.

(c) Stockholders acted upon a proposal to amend Article IV of the Restated Articles of Incorporation to divide the presently authorized 50,000,000 shares of common stock into 25,000,000 shares of non-voting Class A common stock, par value $1.00 per share, and 25,000,000 shares of voting Class B common stock, par value $1.00 per share. Each outstanding share of the Company's currently authorized common stock, par value $1.00 per share was reclassified and converted into one share of Class B common stock. The stockholders voted to approve the amendment with 4,121,264 shares in the affirmative, 774,283 shares in the negative, 70,478 abstentions and 504,121 no response.

Item 5. Other Information

On April 22, 1992, the Company announced its stockholders approved an amendment to the Company's Restated Articles of Incorporation which reclassified its existing stock into voting Class B common stock and created a non-voting Class A common stock. Immediately following the amendment approval, the Board of Directors declared a dividend of one share of non-voting Class A common stock for each share of Class B common stock payable on May 29, 1992 to stockholders of record on May 8, 1992.

On April 22, 1992 the Company amended the existing shareholder rights plan (which applies to the Class B stock) and adopted a new, similar shareholder rights plan for the Class A stock. The effect of these actions was to split the rights so as to conform to the new dual-class structure adopted for the Company's stock.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit 4. Instruments Defining the Rights of Security Holders, Including Indentures. The following exhibits are incorporated herein by reference (Commission file No. 0-452):

4a) Registrant's Restated Articles of Incorporation as in effect prior to adoption of the amendment reclassifying its common stock (filed as Exhibit (3) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1991);

4b) Certificate of Amendment to Registrant's Restated Articles of Incorporation setting forth the Reclassification Amendment (filed as Exhibit B-5 to Form 8 amendment no. 1 dated April 22, 1992 to Form 10 Registration Statement dated April 24, 1965);

4c) Amended and Restated Class B Rights Agreement (filed as Exhibit 4 to Form 8 amendment no. 1 dated April 22, 1992 to Form 8-A registering Common Stock Purchase Rights dated January 23, 1991);

4d) Class A Common Stock Rights Agreement (filed as Exhibit 4 to Form 8-A registering Class A Common Stock Purchase Rights dated April 22, 1992);

4e) Form of stock certificate evidencing Class A Common Stock (filed as Exhibit 1 to Form 8-A registering Class A Common Stock, $1.00 par value dated April 22, 1992);

4f) Form of stock certificate evidencing Class B Common Stock (filed as Exhibit B-1 to Form 8 amendment no. 1 dated April 22, 1992 to Form 10 Registration Statement dated April 24, 1965);

4g) Registrant's Bylaws as currently in effect (filed as Exhibit (3) (a) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1991).

(b) The Company did not file any reports on Form 8-K during the three months ended March 31, 1992.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

TECUMSEH PRODUCTS COMPANY
(Registrant)

Dated 5/12/92

By John H. Foss
John H. Foss
Vice President, Treasurer and
Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q

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Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992

Commission file number 0-18335

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TETRA Technologies, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE (State of incorporation)	74-2148293 (I.R.S. Employer Identification No.)

25231 Grogans Mill Road, Suite 100, The Woodlands, Texas 77380
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (713) 367-1983

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_. No ___.

As of May 1, 1992 there were 12,446,556 shares of the Company's common stock, $.01 par value per share, issued and outstanding.

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ITEM 1. Financial Statements

TETRA Technologies, Inc. and Subsidiaries
Consolidated Statements of Operations

	Three Months Ended March 31,	
($ Thousands)	1991	1992
Revenues:		
Product sales	$13,609	$10,148
Services	3,468	2,402
Rentals	281	195
Total Revenues	17,358	12,745
Cost of Revenues:		
Cost of product sales	8,998	7,310
Cost of services	1,184	1,198
Cost of rentals	55	29
Total Cost of Revenues	10,237	8,537
Gross Profit	7,121	4,208
General and Administrative	4,758	5,154
Provision for Doubtful Accounts	0	27
Operating Income	2,363	(973)
Interest Expense	217	189
Interest Income	385	461
Equity in Earnings from Joint Ventures	0	212
Income Before Income Taxes	2,531	(489)
Provision for Income Taxes	870	(187)
Net Income (Loss)	$1,661	($302)
Net Income (Loss) per Common and Common Equivalent Share	$0.14	($0.02)
Weighted Average Common and Common Equivalent Shares Outstanding	11,866	12,640

See Notes to Consolidated Financial Statements

TETRA Technologies, Inc. and Subsidiaries
Consolidated Balance Sheets

($ Thousands)	December 31, 1991	March 31, 1992 (Unaudited)
Current Assets:		
Cash	$7,494	$7,497
Marketable Securities, net of allowance for unrealized losses of $122,000 in 1991 and $181,000 in 1992	24,875	20,807
Trade accounts receivable, net of allowance for doubtful accounts of $344,000 in 1991 and $372,000 in 1992	21,456	15,087
Costs and estimated earnings in excess of billings on incomplete contracts	5,574	2,165
Inventories	6,067	7,640
Prepaid expenses	447	994
Current portion of notes receivable	446	943
Other	104	42
Total Current Assets	66,463	55,175
Property, Plant and Equipment:		
Machinery, Equipment and Office Building	12,277	15,208
Automobiles and trucks	3,117	3,102
Treatment plants	3,193	5,443
Chemical plants	12,365	12,365
Construction in progress	5,874	4,778
	36,826	40,896
Less accumulated depreciation and amortization	(10,315)	(11,187)
Net Property, Plant, and Equipment	26,511	29,709
Other Assets:		
Patents and licenses, net of accumulated amortization of $320,000 in 1991 and $351,000 in 1992	907	877
Investment in Joint Ventures	3,617	3,641
Cost in excess of net assets acquired, net of accumulated amortization of $18,000 in 1991 and $28,000 in 1992	472	847
Notes receivable, less current portion	1,316	2,287
Other	154	191
Total Other Assets	6,466	7,843
	$99,440	$92,727

See Notes to Consolidated Financial Statements

TETRA Technologies, Inc. and Subsidiaries
Consolidated Balance Sheets

($ Thousands)	December 31, 1991	March 31, 1992 (Unaudited)
LIABILITIES, AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable and accrued expenses	$15,328	$9,125
Billings in excess of costs and estimated earnings on incomplete contracts	61	62
Current portions of all long-term debt and capital lease obligations	1,777	1,771
Total Current Liabilities	17,166	10,958
Long-term Debt, less current portion	4,758	4,491
Capital Lease Obligations, less current portion	1,087	983
Deferred Credits	679	651
Deferred Income Taxes	2,371	2,064
Stockholders' Equity:		
Common stock, par value $.01 per share 20,000,000 shares authorized, with 12,320,006 shares issued and outstanding in 1991 and 12,446,556 shares issued and outstanding in 1992	123	126
Additional paid-in capital	59,088	59,588
Retained earnings	14,168	13,866
Total Stockholders' Equity	73,379	73,580
	$99,440	$92,727

See Notes to Consolidated Financial Statements

TETRA Technologies, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

($ Thousands)	Three Months Ended March 31, (Unaudited) 1991	1992
Operating Activities:		
Net Income (Loss)	$1,661	($302)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	907	1,067
Undistributed earnings from joint ventures	0	(212)
Provision for deferred income taxes	286	0
Unrealized loss on marketable securities valuation	0	58
Provision for doubtful accounts	0	27
(Gain) Loss on sale of property, plant and equipment	0	(3)
Changes in operating assets and liabilities, net of effects from acquisition of subsidiary:		
Trade accounts receivable	(3,981)	6,340
Costs and estimated earnings in excess of billings on incomplete contracts	2,200	3,409
Inventories	(668)	(1,573)
Prepaid expenses and other current assets	(753)	(484)
Trade accounts payable and accrued expenses	(747)	(5,081)
Billings in excess of costs and estimated earnings on incomplete contracts	(142)	1
Other	(111)	(65)
Net cash provided (used) by operating activities	(1,348)	3,182
Investing Activities:		
Purchases of property, plant and equipment	(1,459)	(4,290)
Sale of marketable securities	0	4,067
Investment in Joint Venture	0	(1,300)
Cash of TSI acquisition	310	0
Principal payments on notes receivable	127	37
Notes receivable issued	0	(1,505)
Proceeds from sale of property, plant and equipment	0	22
Net cash used by investing activities	(1,022)	(2,969)
Financing Activities:		
Proceeds from long-term debt and exercised stock options	30	110
Principal payments on long-term debt, capital lease obligations and convertible notes payable	(287)	(322)
Proceeds from sale of common stock	16,698	2
Net cash provided by financing activities	16,441	(210)
Increase (Decrease) in cash	14,071	3
Cash and Cash Equivalents at Beginning of Period	18,255	7,494
Cash and Cash Equivalents at End of Period (1)	$32,326	$7,497

Acquisition Note: In January 1991, the Company acquired all the stock of TSI for 140,000 shares of common stock valued at $1,960,000. The fair market value of the assets acquired was $2,729,000 and assumed liabilities were $769,000. In January 1992, all the stock of MSE, Inc. was acquired for 30,000 shares of common stock valued at $390,000.

(1) Excludes marketable securities with a maturity greater than 90 days of $0 and $20.8 million at March 31, 1991 and 1992, respectively.

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE A - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. The Company's investment in its joint ventures is stated at cost plus equity in undistributed earnings. All significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X for interim financial statements required to be filed with the Securities and Exchange Commission and do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, the information furnished reflects all normal recurring adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods.

The accompanying financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 1991.

For the purposes of the statements of cash flows, the Company considers all highly liquid cash investments with a maturity of three months or less to be cash equivalents.

Interest paid on debt during the quarters ended March 31, 1992 and 1991 was $189,000 and $217,000, respectively.

Income tax payments made during the quarters ended March 31, 1992 and 1991 were $122,000 and $1,015,000, respectively.

NOTE B - CLOSING OF PUBLIC OFFERING

On March 14, 1991, the Company effected a public offering of 1,000,000 shares of its common stock at $17.75 per share. Net proceeds after underwriting discounts, commissions and other related expenses were approximately $16.5 million. Concurrent with the offering, selling shareholders sold 2,220,000 shares for net proceeds of $37,229,000.

NOTE C - COMMITMENTS AND CONTINGENCIES

In May 1988, the Company purchased certain bromine assets from Dow Chemical Company ("Dow"). These assets were purchased by the Company under an antitrust divestiture order associated with Dow's sale of its bromine business. The Dow assets include a clear brine fluid manufacturing plant constructed in 1986 (the "Magnolia Plant"), various patents and related products, and certain lease and lease option rights. The plant has been idle since the last quarter of 1986. The Company purchased the assets from Dow for a contingent amount equal to one-third of the after-tax profits generated by the operating assets during a ten-year period ending in 1998. The contingent amount should in no event exceed $2 million plus interest at the ten-year Treasury rate plus 50 basis points.

The Company must operate the Magnolia Plant at a minimal rate of output for a twelve-month period by May 1993, or pay Dow an amount in settlement of the contingent payments to avoid triggering a repurchase right held by Dow. Management estimates that a substantial capital investment will be required by the Company to bring the plant into full operation. A sale of these assets by the Company before the plant becomes fully operational will require governmental approval under the Dow antitrust divestiture order and must also comply with the Company's purchase agreement with Dow.

Because the obligation is contingent in nature, no asset or liability was recorded when the transaction was consummated. Annually, when the earnings from these assets are known and the Company's payment to Dow can be estimated, a liability will be recorded and the value of the assets will be increased by the same amount. The asset values recorded in this manner will be amortized over their remaining useful lives. Since the Company's acquisition, no earnings have been generated from these assets and, accordingly, no obligation to Dow has been accrued. Capitalized costs relating to the Magnolia Plant were approximately $1.0 million at December 31, 1991 and March 31, 1992.

Under a supply contract, the Company is committed to purchase a minimum of 40,000 tons of limestone at $15.85 per ton from a certain supplier by April 30, 1992.

The Company is a defendant in two related actions filed in the Superior Court of California, *Franciscan Promenade, et al. v. Woodward-Clyde Consultants, et al.* and *Crossland Savings F.S.B. v. Woodward-Clyde Consultants, etc., et al.* Each of these actions relates to certain remediation project design services provided by a division of the Company's waste treatment business that was discontinued in 1989.

Plaintiffs in the *Franciscan Promenade* action owned certain real estate property in Los Angeles which was to be developed as a shopping center. Crossland Savings, F.S.B. ("Crossland") was the lender to these plaintiffs. Plaintiffs in the *Franciscan Promenade* action have attempted to allege causes of action for breach of contract and fraud, based, among other things, on an alleged agreement by the Company to inspect the property and provide plaintiffs with consulting services with respect to the development of a system for waste washing and remediation of lead-contaminated soils on the property. The plaintiffs also alleged various misrepresentations regarding the performance capabilities of the system. Plaintiffs allege that as a result of the alleged fraud, they purchased the property for $24 million, a price allegedly far in excess of its true fair market value, expended millions of dollars to clean up the property and incurred other expenses. General, special and punitive damages are sought. In answers to interrogatories, plaintiffs have identified damage elements amounting to $28.9 million. These damages are as to all defendants and arise from the remediation of two types of environmental contamination, below ground and above ground. At present, the defendants have not indicated what portion of their claimed damages are attributable to each type of remediation. TETRA was only involved in below-ground remediation. Additionally, some of the damages claimed would not appear to be recoverable as a matter of law.

In the *Crossland Savings* action, Crossland Savings alleges, among other things, that it was foreseeable to the Company that a lender such as Crossland would rely on the Company's alleged representations, reports and recommendations in deciding whether to loan money to fund the property's development and that, accordingly, the Company is liable to Crossland based on the Company's alleged professional negligence and negligent misrepresentations. The alleged negligence includes purported inadequate testing and analysis and underestimation of the lead contamination of the soil on the property and recommending an untested and unworkable remediation method. In answers to interrogatories, Crossland claims its damages include all sums that it has loaned to Franciscan Promenade (according to the complaint, an alleged approximately $55 million), a $2 million unsecured loan to the developer, unpaid interest on such sums plus other purported damages in unspecified amounts. As with the Franciscan Promenade action, the alleged damages arise from unanticipated environmental remediation of below and above ground contamination. Crossland also has not indicated any allocation between these two elements of damages. Additionally, a recent appraisal of the property indicates that it has a current fair market value of approximately $36 million. On January 23, 1992, the Office of Thrift Supervision appointed the FDIC as receiver of Crossland Savings Bank. All proceedings in the Crossland Savings action have been stayed for 90 days, and counsel for the Company is of the opinion that the FDIC will seek to resolve this matter during this time period.

The Company has answered the complaint in each of the *Franciscan Promenade* and *Crossland* actions, and, in the former action, has cross-complained against one of the plaintiffs in that action and other parties for indemnity, contribution and declaratory relief. The Company's present intention is to defend each of these actions vigorously. It is management's belief that plaintiff's claims are without merit and that responsibility for the damages allegedly suffered by the plaintiffs in each of these actions lies with other parties. However, discovery activities have only recently begun and counsel for the Company in these matters has advised that it is unable to form a judgement as to the probable outcome of these actions. No assurance can be given by the Company as to their ultimate outcome.

The Company and other related companies are named as defendants in several other lawsuits and respondents in certain governmental proceedings arising in the ordinary course of business. While the outcome of lawsuits and other proceedings against the Company cannot be predicted with certainty, management does not expect these matters to have a material adverse impact on the Company.

NOTE D - ACQUISITION OF TETRA SERVICES, INC.

In January 1991, the Company purchased Tetra Services, Inc. (TSI) for 140,000 shares of common stock; the shares were valued at $14.00 per share. TSI is an oil field equipment, supplies and services provider in south Texas. The acquisition has been accounted for under the purchase method of accounting. Pro forma information with respect to the acquisition of TSI has not been presented as such amounts are not material. Goodwill associated with this acquisition is being amortized over 20 years using the straight line method.

NOTE E- ACQUISITION OF MSE, INC.

In January 1992, the Company purchased MSE, Inc. for 30,000 shares of common stock valued at $13.00 per share. MSE is a specialist engineering company in materials handling and provides custom designed systems to the environmental, mining, power, refining and food processing industries. Revenues for MSE for the most recent fiscal year were approximately $2.5 million. The acquisition has been accounted for under the purchase method of accounting. Pro forma information with respect to the acquisition of MSE has not been presented as such amounts are not material. Goodwill associated with the acquisition is being amortized over 20 years using the straight line method.

NOTE F - INCOME PER SHARE

The following is a reconciliation of the weighted average number of common shares outstanding with the number of shares used in the computations of income per common and common equivalent share:

	Three Months Ended March 31	
	1991	1992
Number of common shares outstanding	11,152,806	12,416,556
Public offering	200,000	
Acquisition of TSI	140,000	
Acquisition of MSE		30,000
Assumed exercise of stock options	372,826	193,827
Weighted average common and common equivalent shares outstanding	11,865,632	12,640,383

In applying the treasury stock method to determine the dilutive effect of the stock options outstanding during the first quarter of 1992, the average market price of $13.26 was used.

ITEM 2: Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

Three months ended March 31, 1992 compared with three months ended March 31, 1991

Total revenues for the quarter ended March 31, 1992 were $12.7 million as compared to $17.4 million for the quarter ended March 31, 1991, representing a decrease of $4.7 million or 27.0%. Revenues in the Specialty Chemicals Recycling Division decreased from $13.8 million in 1991 to $9.4 million in 1991, a decrease of $4.4 million or 31.9%. The decline in the oil and gas group's revenues represented the majority of this decrease. Drilling activity in the Gulf of Mexico was down significantly from the 1991 period. Many oil and gas companies placed significant portions of their budgeted exploration and production expenditures for domestic projects on hold. Additionally, excessive rains in the onshore horizontal drilling region of Texas caused temporary delays in horizontal drilling activity, which further contributed to the oil and gas group's decline in revenues. The Specialty Chemicals Recycling Division's revenues were also adversely affected by reduced demand for snow and ice melt calcium chloride as a result of the warm weather this past winter. The Waste Treatment Division's revenues of $3.3 million for the 1992 period were down slightly from $3.6 million in the 1991 period, a decrease of $0.3 million or 8.3%.

Gross profit decreased from $7.1 million in the 1991 period to $4.2 million in the 1992 period, a decrease of $2.9 million or 40.8%. Gross profit as a percentage of revenues decreased from 41.0% in the 1991 quarter to 33.0% in the 1992 quarter as a result of a deterioration of the gross profit percentage in the Waste Treatment Division. The division's profit percentage dropped from 39.8% in the 1991 period to 7.1% in the 1992 period due to several factors. Cost overruns were experienced on two significant EPC projects, which effectively reduced gross margins. Reduced production volumes, due principally to weather and operational constraints, at a major owned and operated facility resulted in lower than normal operating margins for that plant. Finally, the national recession resulted in additional pricing pressures on recently acquired contracts in the Waste Treatment Division's key industries, particularly steel, mining and municipal, eroding the current period's gross margins compared with the 1991 period. Gross margins as a percentage of revenues for the Specialty Chemicals Recycling Division increased slightly from 41.3% in the 1991 period to 41.9% in the 1992 period.

General and administrative expenses increased from $4.8 million in the 1991 period to $5.2 million in the 1992, an increase of $0.4 million or 8.3%. This increase was due primarily to increased personnel costs and related benefits associated with an increase in sales and project management personnel in the Waste Treatment Division. Additionally, project proposal costs have increased commensurate with the increase in bidding activity for waste treatment projects. The costs of workers' compensation insurance has also increased for the Company.

Operating income decreased from $2.3 million in the 1991 quarter to a loss of $1.0 million in the 1992 quarter, a decrease of $3.3 million. This decrease from period to period is the result of a $1.9 million reduction in the gross margin attributable to reduced revenue levels and a $1.0 million negative impact on the gross margin as a result of a decline in the gross margin rates combined with a $0.4 million increase in general and administrative expenses.

Interest expense decreased slightly from $217,000 in the 1991 period to $189,000 in the 1992 period, reflecting a commensurate decrease in total long-term debt period to period. Interest income increased from $385,000 in 1991 to $461,000 in 1992. Interest earned on the $16.5 million in proceeds from the March 1991 secondary stock offering, offset somewhat by the decline in interest rates since last year, substantially accounted for the increase quarter to quarter.

Equity in earnings from joint ventures increased from $0 in 1991 to $212,000 in 1992. In May 1991, the Company formed Milpark/TETRA, a joint venture with Milpark, to penetrate the Alaskan and international oil and gas completion fluids markets. Effective October 1991, the Company entered into a joint venture agreement with a major United Kingdom water company to form TETRA Europe Ltd. The venture was formed to market the Company's waste treatment services in the United kingdom and Europe. The Company has a 50% interest in both joint ventures.

The provision for income taxes was at a 34.4% effective tax rate in the 1991 quarter and a 38.2% tax rate in the 1992 quarter. The change in tax rates was affected by a shift in apportioned state income to higher tax rate states.

Net income after applicable taxes was $1.7 million in 1991 and a net loss of $0.3 million in 1992.

Consolidated earnings per share for the 1991 period were $0.14 based on 11,866,000 weighted average common and common equivalent shares outstanding compared to loss per share of $0.02 in the 1992 period with 12,640,000 common and common equivalent shares outstanding.

Liquidity and Capital Resources

The Company's working capital decreased from $49.3 million at December 31, 1991 to $44.2 million at March 31, 1992. Trade accounts receivable decreased $6.4 million due to reduced revenues in the first quarter of 1992. Inventories increased seasonally by $1.6 million in the Specialty Chemicals Recycling Division plants. Trade payables and accrued expenses decreased by approximately $5.1 million as a result of the reduced activity in the quarter. Costs and estimated earnings in excess of billings decreased $3.4 million as various Waste Treatment Division contracts moved closer to completion. Marketable securities decreased $4.1 million during the quarter as funds were spent on capital expenditures. Marketable securities include Treasury Bills with a maturity greater than ninety days, Overland Express Funds, Inc. and the Alliance Capital Short-Term Multi-Market Trust. All other unrestricted funds are invested in overnight Master note arrangements and short-term securities.

Major investing activities during the first quarter of 1992 included the initial capital contribution of $1.3 million to the TETRA Europe Ltd. joint venture. The joint venture was formed with a major United Kingdom water company to market the Company's waste treatment services in the United Kingdom and Europe. The initial capitalization was used to purchase technology and an existing process plant facility. The Company is further committed to invest $300,000 annually for the next three years. The Company also acquired during the quarter all the common stock of MSE, Inc. for 30,000 shares of common stock valued at $13.00 per share. MSE is a specialist engineering company in material handling and provides custom designed systems to the environmental, mining, power, refining and food processing industries.

Capital expenditures during the period ending March 31, 1992 totaled approximately $4.3 million. Of this amount $2.3 million relates to the purchase of a 109,000 square foot office building and approximately 2.6 acres of adjacent land. Rent revenues from tenants offset building expenses, including depreciation, so that the current earnings impact of the building is favorable. The Company intends to relocate its corporate offices to the facility during 1992. The Company also purchased leasehold improvements relating to the acquisition of a new plant facility for the oil and gas group for approximately $0.5 million. In addition, approximately $0.8 million was expended for additional processing and plant equipment at major owned and operated Waste Treatment Division facilities and approximately $0.4 million for additions and improvements to various plants of the Specialty Chemicals Recycling Division. Other machinery and equipment for both divisions comprises the remaining $0.3 million of capital expenditures during the quarter.

The Company believes that its existing funds, its cash generated by operations and the net proceeds of its 1991 secondary offering will be sufficient to meet its working capital needs through 1992 and possibly thereafter, unless significant expansions of operations not presently contemplated are undertaken, in which case the Company would arrange additional financing as an integral part of any such expansion.

PART II
OTHER INFORMATION

ITEM 1. Legal Proceedings

In February 1989, the Company entered a guilty plea to one count of violating Section 1 of the Sherman Act for acts alleged to have occurred in the last quarter of 1986 and first quarter of 1987. A civil action, captioned *Mark Kopieczek v. Osca, Inc., et al.*, (Civil Action H-90-2386, U.S. Dist. Ct. S.D. Tex.), was commenced July 26, 1990, against the Company and Osca, Inc. The plaintiff alleges that he was injured by an alleged conspiracy to fix prices and has cited in his complaint the Department of Justice action referred to above. His complaint seeks treble damages under the Sherman Act. The Company is vigorously defending this action. While the outcome of this litigation is not certain, the Company believes that the plaintiff was never a customer or competitor of the Company and that he therefore lacks standing to bring the claims he has asserted. Moreover, the Company believes that the plaintiff's alleged damages are wholly speculative and would not be compensable under the federal antitrust laws.

The Company is a defendant in two actions filed in the Superior Court of California, *Franciscan Promenade, et al. v. Woodward-Clyde Consultants, et al.* (No. BC 013560, October 25, 1990), and *Crossland Savings, F.S.B. v. Woodward-Clyde Consultants, et al.* (No. BC 016881, December 11, 1990). Each of these actions relates to certain remediation project design services provided by a division of the Company's remediation business that was discontinued in 1989. See "Management's Discussion and Analysis - Sale of Discontinued Operations." Plaintiffs in the Franciscan Promenade action owned certain real property in Los Angeles which was to be developed as a shopping center. Crossland Savings, F.S.B. ("Crossland") was the lender to these plaintiffs. Several other defendants have been named in each of these lawsuits.

Plaintiffs in the *Franciscan Promenade* action have attempted to allege causes of action for negligence, breach of contract and fraud, based, among other things, on an alleged agreement by the Company to inspect the property and provide plaintiffs with consulting services with respect to the development of a system for waste washing and remediation of lead-contaminated soils on the property. The plaintiffs also alleged various misrepresentations regarding the performance capabilities of the system and the costs to remediate the plaintiffs' property. Plaintiffs allege that as a result of the alleged fraud, they purchased the property for $24 million, a price allegedly far in excess of its true fair market value, expended millions of dollars to clean up the property and incurred other expenses. General, special and punitive damages are sought. In answers to interrogatories, plaintiffs have identified damage elements amounting to $28.9 million. These damages are as to all defendants and arise from the remediation of two types of environmental contamination, below ground and above ground. At present, the defendants have not indicated what portion of their claimed damages are attributable to each type of remediation. TETRA was only involved in below-ground remediation. Additionally, some of the damages claimed would not appear to be recoverable as a matter of law.

In the *Crossland Savings* action, Crossland alleges, among other things, that it was foreseeable by the Company that a lender such as Crossland would rely on the Company's alleged representations, reports and recommendations in deciding whether to loan money to fund the property's development and that, accordingly, the Company is liable to Crossland based on the Company's alleged professional negligence and negligent misrepresentations. The alleged negligence includes purported inadequate testing and analysis and underestimation of the lead contamination of the soil on the property and recommending an untested and unworkable remediation method. In answers to interrogatories, Crossland claims its damages include all sums that it has loaned to Franciscan Promenade (according to the complaint, an alleged approximately $55 million), a $2 million unsecured loan to the developer, unpaid interest on such sums plus other purported damages in unspecified amounts. As with the Franciscan Promenade action, the alleged damages arise from unanticipated environmental remediation of below and above ground contamination. Crossland also has not indicated any allocation between these two elements of damages. Additionally, a recent appraisal of the property indicates that it has a current fair market value of approximately $36 million.

The Company has answered the complaint in each of the *Franciscan Promenade* and *Crossland Savings* actions, and, in the latter action, has cross-complained against one of the plaintiffs in the former action and other parties for indemnity, contribution and declaratory relief. The Company's present intention is to defend each of these actions vigorously. It is management's belief that the claims asserted against the Company in each of these actions are without merit and that any responsibility for the damages allegedly suffered by the plaintiffs lies with other parties. However, discovery activities have only recently begun and counsel for the Company in these matters has advised that it is unable at present to form a judgment as to the probable outcome of these actions. No assurance can be given by the Company as to their ultimate outcome. An adverse outcome to the Company in either of these lawsuits, if not subject to indemnity or contribution from other parties, could have a material adverse impact on the Company.

The Company, its subsidiaries and other related companies are named defendants in several lawsuits and respondents in certain governmental proceedings arising in the ordinary course of business. While the outcome of lawsuits or other proceedings against the Company cannot be predicted with certainty, management does not expect these matters to have a material adverse impact on the Company.

ITEM 6. Exhibits

(a) Exhibits

(i) A statement of computation of per share earnings is included in Note F of the Notes to Consolidated Financial Statements included in this report and is incorporated by reference into Part II of this report.

(b) Reports on Form 8-K: None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TETRA Technologies, Inc.

Date: May 5, 1992

By: Edward H. Belanger

Edward H. Belanger
Senior Vice President -
Finance and Administration

Date: May 5, 1992

James R. Hale, Chief Financial Officer
(Principal Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(x) QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

BEST COPY AVAILABLE

For the Quarterly Period Ended
March 31, 1992

Y92-2250

Commission File Number 0-3730

Willamette Industries, Inc.
(Exact name of registrant as specified in its charter)

State of Oregon
(State or other jurisdiction of incorporation or organization)

93-0312940
(I.R.S. Employer Identification No.)

3800 First Interstate Tower, Portland, Oregon
(Address of principal executive offices)

97201
(Zip Code)

Registrant's telephone number, including area code (503) 227-5581

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
Common Stock, 50 cent par value: 27,366,725 shares, May 1, 1992

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WILLAMETTE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In Thousands of Dollars)

FORM 10-Q
PART I

ASSETS	March 31, 1992	December 31, 1991
Current assets:		
Cash, including time deposits	$ 5,054	2,210
Receivables, net of allowance for doubtful accounts of $5,079 and of $4,519	196,048	175,383
Inventories (Note 2)	221,544	225,250
Prepaid expenses	10,634	12,606
Deposits on timber cutting contracts	23,692	23,731
Total current assets	456,972	439,180
Timber, timberlands and related facilities, at cost less stumpage and amortization	438,379	443,075
Property, plant and equipment, at cost less accumulated depreciation of $879,181 and $843,147	1,295,453	1,273,260
Other assets	63,928	63,552
Total assets	$ 2,254,732	2,219,067
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 1,709	2,020
Notes payable	78,500	50,000
Accounts payable, including book overdrafts of $23,530 and $30,610	99,574	114,748
Accrued expenses	124,663	120,506
Accrued income taxes	10,338	4,712
Total current liabilities	314,784	291,986
Long-term debt	733,911	746,622
Other liabilities	14,411	14,681
Deferred income taxes	178,588	171,318
Stockholders' equity:		
Common stock, $.50 par value (25,602,470 and 25,481,265 shares outstanding in 1992 and 1991)	12,801	12,741
Capital surplus	170,644	165,115
Retained earnings	829,593	816,604
Total stockholders' equity	1,013,038	994,460
Total liabilities & stockholders' equity	$ 2,254,732	2,219,067

WILLAMETTE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
(In Thousands of Dollars, Except Per Share Amounts)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Net sales	$ 561,025	461,184
Cost of sales	465,872	403,505
Gross profit	95,153	57,679
Selling and administrative expenses	39,392	34,320
Operating earnings	55,761	23,359
Other income, net	(105)	118
	55,656	23,477
Interest expense	17,394	14,685
Earnings before taxes	38,262	8,792
Provision for income taxes	14,540	3,341
Net earnings	$ 23,722	5,451
Average shares outstanding	25,548,892	25,423,536
Earnings per share	$0.93	0.21
Dividends per share	$0.42	0.40

WILLAMETTE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(In Thousands of Dollars)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Cash Flows From Operating Activities:		
Net earnings	$ 23,722	5,451
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	34,457	30,838
Stumpage on fee timber harvested	5,702	4,119
Other amortization	1,452	1,012
Increase in deferred income taxes	7,270	1,168
Changes in working capital items:		
Accounts receivable	(20,665)	(23,057)
Inventories	3,379	(7,009)
Prepaid expenses and timber deposits	1,064	(260)
Accounts payable and accrued expenses	(11,171)	(7,433)
Federal and state taxes on income	5,626	(931)
Net cash provided by operating activities	50,836	3,898
Cash Flows From Investing Activities:		
Proceeds from sale of equipment	628	30
Expenditures for property, plant and equipment	(57,533)	(44,192)
Expenditures for timber and timberlands, net	511	(849)
Expenditures for roads and reforestation	(1,548)	(1,490)
Other	(384)	850
Net cash used in investing activities	(58,326)	(45,651)
Cash Flows From Financing Activities:		
Debt borrowings	15,900	64,000
Proceeds from sale of capital stock	5,589	0
Cash dividends	(10,733)	(10,169)
Payment on debt	(422)	(24,994)
Net cash provided from financing activities	10,334	28,837
Net increase (decrease) in cash	2,844	(12,916)
Cash at beginning of year	2,210	21,076
Cash at end of period	$ 5,054	8,160
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest (net of amount capitalized)	$ 18,673	17,747
Income taxes	$ 1,644	3,104

WILLAMETTE INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992

Note 1 The information furnished in this report reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented.

Note 2 The components of inventories are as follows (Thousands of Dollars):

	March 31, 1992	December 31, 1991
Finished product	$ 67,187	67,281
Work in process	6,543	5,409
Raw material	101,777	106,519
Supplies	46,037	46,041
	$221,544	225,250

Note 3 The registrant has no material pending legal proceedings.

Note 4 On April 6, 1992, the Company issued 1,750,000 shares of common stock and the net proceeds of the sale (approximately $127.1 million) have been utilized to repay all short-term bank borrowings, which were $78.5 million at March 31, 1992. In addition, the Company has announced a 2 for 1 split of the Company's common stock payable on May 22, 1992, in the form of a stock dividend to shareholders of record at May 1, 1992.

Other notes have been omitted pursuant to Rule 10-01(a)(5) of Regulation S-X.

WILLAMETTE INDUSTRIES, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION
March 31, 1992

The Company's two basic businesses, paper products and building materials, are affected by changes in general economic conditions. Paper product sales and earnings tend to follow the general economy. Building materials activity is closely related to new housing starts and to the availability and terms of financing for construction. Both industry segments use timber as the basic raw material and the cost of timber is sensitive to various supply and demand factors.

RESULTS OF OPERATIONS

1st Quarter 1992 vs. 1st Quarter 1991

Net sales increased 21.6% in the first quarter of 1992 from the first quarter of 1991. Paper product sales increased 4.2%. Volume increases were experienced in all paper product lines with the exception of grocery bags which declined approximately 12.0%. However, because of weak economic conditions and excess production capacity in the industry, average sales price realizations declined in all lines except for minimal increases in containerboard, corrugated containers and bleached pulp. Building materials sales increased 66.7% compared with the first quarter of 1991 as average sales price realizations increased approximately

31.8% for lumber products and 41.3% for plywood products compared to the first quarter of 1991. Improved housing markets and timber shortages in the West were significant factors in the sharply increased prices. In addition, the acquisition of Bohemia in late 1991 contributed approximately $36.1 million in sales in the first quarter or approximately 42.1% of the increased sales. In addition, sales volumes, excluding Bohemia, were up for all wood product lines on average 10.9%.

Gross profit margins increased to 17.0% in the first quarter of 1992 from 12.5% in the first quarter of 1991. Paper product margins decreased to 16.5% from 17.8% in the first quarter of 1991 due to declining average sales price realizations. Building materials gross profit margins were a positive 17.8% as compared with a negative 1.3% in the first quarter of 1991. Increased average sales price realizations and unit volume shipped account for the significant improvement.

Selling and administrative expenses increased 14.8% over the comparable three month period in 1991. The increase is due to the acquisition of Bohemia Inc. in the fall of 1991, increased sales volume activity, the start-up of the Bennettsville MDF facility in December 1991, and two new corrugated container facilities which did not begin full operations until the end of the first quarter of 1991. Selling and administrative expenses declined to 7.0% of sales in 1992 as compared to 7.4% in the first quarter of 1991. Interest expense increased to $17.4 million in the first quarter of 1992 from $14.7 million in the first quarter of 1991. The increase was primarily attributable to the issuance of $150 million, 9.0%, thirty year debentures in October of 1991.

Financial Condition as of March 31, 1992

In the first three months of 1992, the Company had capital expenditures of $58.6 million which has been funded by internally generated cash flows and through external borrowings. Internally generated funds have increased significantly in the first quarter of 1992 from the comparable period in 1991 due to improved net earnings and higher non-cash charges to earnings.

Additional external borrowings have consisted of an additional $15.9 million of short-term borrowings under uncommitted lines from a number of banks. All short-term borrowings have been classified as current in the March 31, 1992 balance sheet. In April 1992, the Company issued 1,750,000 shares of common stock and the net proceeds of approximately $127.1 million have been used to repay the short-term debt. The remaining net proceeds are temporarily invested in short-term obligations, pending use for general corporate purposes including capital expenditures.

The long-term debt-to-capital ratio has decreased to 42.0% at March 31, 1992 (39.2% on a proforma basis reflecting the issuance of common stock) from 42.9% at December 31, 1991. Working capital has decreased to $142.2 million at March 31, 1992 ($269.5 million on a proforma basis reflecting the issuance of common stock and payment of short-term debt) from $147.2 million at December 31, 1991.

The Company believes it has the resources available to meet its liquidity requirements. Resources include internally generated funds, unissued senior debt securities available under a shelf registration with the Securities and Exchange Commission, short-term borrowings and revolving credit agreements which could be arranged with a number of banks as the Company has often done in the past.

On April 21, 1992, the Board of Directors of the Company continued the quarterly cash dividend at $.42 per share. However, there is no assurance as to future dividends as they are dependent upon earnings, capital requirements and financial condition.

The Company has announced a 2 for 1 split of the Company's common stock payable on May 22, 1992, in the form of a stock dividend to shareholders of record at May 1, 1992.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of the Company's shareholders was held April 21, 1992. Proxies for the meeting were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, and there was no solicitation in opposition to management. All management nominees for director were elected.

Item 5. Other Information

A description of the registrant's capital stock is filed as Exhibit 28 hereto for the purpose of updating the description previously filed as Exhibit 28 to the registrant's annual report on Form 10-K for the year ended December 31, 1989.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Exhibit	Sequential Page No.
12	Computation of Ratio of Earnings to Fixed Charges	12
28	Description of Capital Stock	13

(b) Reports on Form 8-K

None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WILLAMETTE INDUSTRIES, INC.

By J A Parsons
J. A. Parsons
Executive Vice President
(Principal Financial Officer)

Date: May 5, 1992

Exhibit 12

WILLAMETTE INDUSTRIES, INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollar Amounts in Thousands)

	Year Ended December 31,					Quarter Ended March 31,	
	1987	1988	1989	1990	1991	1991	1992
Fixed Charges:							
Interest Cost	$31,123	$35,071	$42,140	$52,028	$63,986	$14,712	$17,394
One-third rent expense	1,914	2,187	2,518	2,948	3,725	848	1,097
Total Fixed Charges	33,037	37,258	44,658	54,976	67,711	15,560	18,491
Add (Deduct):							
Earnings before Income Taxes	201,039	254,587	308,056	208,671	73,609	8,792	38,262
Interest Capitalized	(584)	(2,572)	(13,304)	(22,129)	(723)	(27)	(577)
Earnings for Fixed Charges	$233,492	$289,273	$339,410	$241,518	$140,597	$24,325	$56,176
Ratio of Earnings to Fixed Charges	7.07	7.76	7.60	4.39	2.08	1.56	3.04

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of Willamette Industries, Inc. (the "Company"), consists of 5,000,000 shares of cumulative preferred stock, $.50 par value ("Preferred Stock"), issuable in series, and 75,000,000 shares of common stock, $.50 par value ("Common Stock").

The board of directors of the Company is authorized to divide the Preferred Stock into series and to determine the preferences, limitations and relative rights of each series. The board of directors has established a series of Preferred Stock designated as Series A Junior Participating Preferred Stock ("Series A Preferred Stock"), comprising 500,000 shares of Preferred Stock. Subject to superior rights of any other outstanding Preferred Stock, each share of Series A Preferred Stock is entitled to receive, in preference to the Common Stock, quarterly cumulative dividends equal to 100 times the quarterly dividend paid with respect to each share of Common Stock, but not less than $1.00. Each share of Series A Preferred Stock is entitled to 100 votes on all matters submitted to a vote of the shareholders. In the event of liquidation of the Company, each share of Series A Preferred Stock is entitled to receive, in preference to the Common Stock, a liquidation payment of the greater of (i) $1.00 plus all accrued and unpaid dividends and distributions and (ii) an amount equal to 100 times the aggregate amount to be distributed per share of Common Stock. In the event of any merger or other transaction in which Common Stock is to be exchanged, each share of Series A Preferred Stock shall be entitled to receive 100 times the amount received per share of Common Stock. The rights of holders of the Series A Preferred Stock are subject to adjustment under certain circumstances to prevent dilution. Series A Preferred Stock is not redeemable.

Shares of Common Stock and Series A Preferred Stock vote together as a single class on all corporate matters (except for certain matters affecting the Series A Preferred Stock or as otherwise required by law). Shares of Common Stock are entitled to one vote per share. Voting for directors is not cumulative. The board of directors is divided into three classes serving staggered three-year terms.

Holders of Common Stock are entitled to dividends when, as, and if declared by the board of directors out of funds legally available therefor (subject to the rights of holders of any Preferred Stock). Common Stock is not convertible into any other class of security, is not entitled to the benefit of any sinking fund provision, and does not have any preemptive rights. All outstanding shares of Common Stock are fully paid and nonassessable. Upon liquidation of the Company, after payment or provision for all liabilities and payment of any preferential amount in respect of Preferred Stock, holders of Common Stock are

EXHIBIT 28

entitled to receive liquidating distributions of any remaining assets on a pro rata basis.

The Company's articles of incorporation provide that certain business combinations involving the Company and any shareholder which, together with its affiliates, is the beneficial owner of 20 percent or more of the Company's outstanding shares of capital stock, require the affirmative vote of the holders of at least 80 percent of the outstanding shares of capital stock. The 80 percent voting requirement does not apply in the case of a business combination which provides for conversion of Common Stock into cash, securities or property having a fair market value not less than the highest per-share price paid by the other party within one year prior to the date of the vote or, under certain circumstances, if the transaction is approved by the board of directors. The articles of incorporation also provide that directors of the Company may be removed at a meeting called expressly for that purpose by the affirmative vote of the holders of not less than 80 percent of the outstanding shares of capital stock.

The Company has distributed to holders of Common Stock rights to purchase shares of Series A Preferred Stock ("Rights") on the basis of one Right for each share of Common Stock. The Rights are not exercisable and are attached to and trade with shares of Common Stock until the earlier of (i) 10 days following a public announcement that a person or group has acquired beneficial ownership (as defined) of 20 percent or more of the outstanding Common Stock (other than the Company, any subsidiary of the Company, any employee benefit plan of the Company or any subsidiary of the Company, any entity holding shares of Common Stock for or pursuant to the terms of any such plan, or a person who acquires shares in a tender offer sanctioned by the board of directors) and (ii) 10 business days following the commencement or announcement of certain offers to acquire beneficial ownership of 30 percent or more of the outstanding Common Stock. Upon such an event, the Rights will trade separately and will become exercisable. Until a Right is exercised, the holder thereof will have no rights as a shareholder of the Company, including, without limitation, the right to vote or to receive dividends.

When the Rights first become exercisable, one Right will entitle the holder to buy from the Company one one-hundredth of a share of Series A Preferred Stock at a price of $175. Upon acquisition of beneficial ownership of 20 percent or more of the outstanding Common Stock by a person or group described above, each Right will entitle the holder (other than such person or group) to buy from the Company for $175 shares of Common Stock having a market value of $350. If the Company is acquired in a business combination, or a majority of its assets is acquired, after a person or group described above acquires beneficial ownership of 20 percent or more of the outstanding Common Stock, each Right will thereafter entitle the holder (other than such person or group) to acquire for $175 shares of common stock of the acquiring or surviving person with a market value of $350. Following the occurrence of any of the events described in the preceding two sentences, any Rights that are or (under certain circumstances) were beneficially owned by any such person or group shall immediately become null and void. The purchase price for Series A Preferred Stock and the number of Series A Preferred Stock shares or other securities issuable upon exercise of Rights are subject to adjustment to prevent dilution.

Outstanding Rights expire at the close of business on February 25, 2000. The Rights will also expire upon consummation of a business combination with a person who acquires shares of Common Stock in a tender offer sanctioned by the board of directors if shareholders receive the same consideration as was paid in the tender offer. Until the close of business on the tenth day following public announcement that a person or group described above has acquired beneficial ownership of 20 percent or more of the outstanding shares of Common Stock, the Rights may be redeemed, in whole but not in part, at the Company's election at a price of $.01 per right. After a person or group described above acquires beneficial ownership of 20 percent or more of the outstanding Common Stock, but before the person or group acquires beneficial ownership of 50 percent or more of the outstanding Common Stock, the Company may exchange some or all of the then outstanding Rights for one share of Common Stock per Right, subject to adjustment in certain circumstances.

The Rights Agreement dated as of February 26, 1990, between the Company and First Interstate Bank of Oregon, N.A. as Rights Agent, specifies the terms of the Rights. Before the Rights become exercisable, the Company may amend the Rights Agreement in any manner without the approval of the holders of Common Stock and thereafter the Company may, subject to certain limitations, amend the Rights Agreement without the approval of the holders of Rights. The foregoing description of the Rights is subject to and qualified by reference to the Rights Agreement which is Exhibit 2 to the Company's registration statement on Form 8-A dated February 26, 1990, and which is incorporated herein by reference.

The Company is subject to the Oregon Control Share Act (the "Control Share Act"). The Control Share Act provides in essence that a person (an "Acquiring Person") who acquires voting stock in a transaction which results in its holding more than 20 percent, 33-1/3 percent or 50 percent of the total voting power of the Company (a "Control Share Acquisition") cannot vote the shares it acquires in the Control Share Acquisition ("control shares") unless voting rights are accorded to such control shares by the holders of a majority of the outstanding voting shares, excluding the Acquiring Person and the Company's officers and inside directors. The term Acquiring Person is broadly defined to include persons acting as a group.

An Acquiring Person may, but is not required to, submit to the Company an "Acquiring Person Statement" which delineates certain information about the Acquiring Person and its plans for acquiring the Company's stock and requests the Company to call a special meeting of shareholders to act on the question of its voting rights. If an Acquiring Person does not request a special meeting of shareholders, the matter shall be considered at the next annual or special meeting of shareholders otherwise held. If an Acquiring Person's control shares are accorded voting rights and its shares represent a majority or more of all voting power, shareholders who do not vote in favor of the restoration of voting rights will have the right to receive the appraised "fair value" for their shares, which may not be less than the highest price paid per share by the Acquiring Person for its shares in the Control Share Acquisition.

EXHIBIT 28

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

RECEIVED
APR 24 1992
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FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the period ended March 31, 1992

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ________ to ________

Commission file number 0-1042

I.R.S. Employer Identification Number 95-2467518

PROCESSED BY
12-12 H
APR 30 1992

DOLCO PACKAGING CORP. /DE/

(a Delaware Corporation)
13400 Riverside Drive, Suite 20
Sherman Oaks, California 91423
Telephone: (818) 995-1409

BEST COPY AVAILABLE

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes XX No __

Indicate the number of shares outstanding of each of the issuers classes of common stock, as of the latest practicable date: 940,353 shares of the Company's Common Stock ($.01 par value) were outstanding as of March 31, 1992.

DOLCO PACKAGING CORP.
STATEMENTS OF OPERATIONS
(UNAUDITED)

	QUARTER ENDED 3/31/92	QUARTER ENDED 3/31/91
Net sales	$ 14,606,851	$ 15,961,372
Cost of sales	11,683,459	13,684,299
Gross profit	2,923,392	2,277,073
Selling, general and administrative expenses	2,223,637	1,874,523
Plant closing costs		555,752
Environmental remediation costs		86,516
Operating income (loss)	699,755	(239,718)
Other income (expense):		
Interest	(155,115)	(226,005)
Chapter 11 professional fees and costs		(189,540)
Gain on disposition of property, plant and equipment	10,243	
Other, net	20,144	89,475
Income (loss) before income taxes	575,027	(565,788)
Provision for income taxes	41,617	21,353
Net income (loss)	$ 533,410	$ (587,141)
Net income (loss) per share	$ 0.57	$ (0.90)

The accompanying notes are an integral part of these statements.

DOLCO PACKAGING CORP. FORM 10-Q
BALANCE SHEETS

ASSETS	(UNAUDITED) 3/31/92	12/31/91
CURRENT ASSETS:		
Cash	$ 151,455	$ 219,632
Accounts Receivable (less allowance for doubtful accounts of $86,436 at 3/31/92 and $77,436 at 12/31/91)	3,908,745	3,876,499
Inventories	5,219,162	5,850,986
Prepaid expenses	611,454	592,478
TOTAL CURRENT ASSETS	9,890,816	10,539,595
PROPERTY, PLANT AND EQUIPMENT:		
Buildings and improvements	3,174,360	3,166,434
Machinery and equipment	25,682,130	26,653,892
Molds and dies	4,974,420	5,176,825
Furniture and fixtures	480,125	492,308
Assets under capital leases	6,405,202	5,121,144
	40,716,237	40,610,603
Less accumulated depreciation and amortization	30,203,910	29,715,613
	10,512,327	10,894,990
Construction in progress	673,411	445,937
Land	644,364	644,364
Net property, plant and equipment	11,830,102	11,985,291
OTHER ASSETS	187,030	206,924
TOTAL ASSETS	$ 21,907,948	$ 22,731,810

The accompanying notes are an integral part of these statements.

BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY	(UNAUDITED) 3/31/92	12/31/91
CURRENT LIABILITIES:		
Short-term note payable to bank	$ 50,000	$ 250,000
Notes payable, other	84,989	
Current maturities of long-term debt (amounts include $503,134 and $493,204 payable to stockholder at 3/31/92 and 12/31/91, respectively)	1,553,214	1,529,451
Accounts payable	1,877,130	1,914,241
Accounts payable to stockholders	860,732	1,682,898
Accrued payroll and benefits	515,671	391,911
Accrued liabilities	1,305,687	1,341,702
TOTAL CURRENT LIABILITIES	6,247,423	7,110,203
Long-term debt, less current maturities (amounts include $1,698,200 and $1,817,839 payable to stockholder in 1992 and 1991, respectively)	5,814,554	6,149,261
Deferred items and other	181,895	116,680
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock - $.01 par value; 2,500,000 shares authorized and outstanding stated at aggregate liquidation preference.	10,000,000	10,000,000
Common stock - $.01 par value; 3,000,000 shares authorized; 940,353 outstanding.	9,404	9,404
Additional paid-in capital	6,492,086	6,492,086
	16,501,490	16,501,490
Accumulated deficit	(6,837,414)	(7,145,824)
TOTAL STOCKHOLDERS' EQUITY	9,664,076	9,355,666
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 21,907,948	$ 22,731,810

The accompanying notes are an integral part of these statements.

DOLCO PACKAGING CORP.

STATEMENT OF ACCUMULATED DEFICIT

	(Unaudited) 3/31/92
Accumulated Deficit - Beginning of Period	$(7,145,824)
Net Income (Loss) for the Period	533,410
Preferred Dividend Declared	225,000
Accumulated Deficit - End of Period	$(6,837,414)

The accompanying notes are an integral part of these statements.

DOLCO PACKAGING CORP.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	QUARTER ENDED 3/31/92	QUARTER ENDED 3/31/91
OPERATING ACTIVITIES		
Net income (loss)	$ 533,410	$ (587,141)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	546,862	580,111
Provision for losses on receivables	9,000	13,083
Gain on disposition of property, plant and equipment	(10,243)	
Change in assets and liabilities:		
Accounts receivable	(41,246)	875,258
Inventories	631,826	406,248
Prepaid expenses and other assets	918	321,379
Prepayments of inventory		438,518
Accounts payable	(859,277)	(195,428)
Minority interest		16,854
Accrued and other long-term liabilities	152,960	(508,863)
Net cash provided by operating activities	964,208	1,360,019
INVESTING ACTIVITIES:		
Additions to property, plant and equipment using cash	(391,673)	(837,273)
Proceeds from disposition of property, plant and equipment	10,243	
Other, net		(50,646)
Net cash used for investing activities	(381,430)	(887,919)
FINANCING ACTIVITIES:		
Proceeds from current and long-term debt	95,613	90,070
Payments of current and long-term debt	(321,568)	(356,853)
Net decrease of short-term note payable to bank	(200,000)	(600,000)
Declaration of dividend	(225,000)	
Net cash used for financing activities	(650,955)	(866,783)
Net decrease in cash	(68,177)	(394,683)
Cash at beginning of period	219,632	659,846
Cash at end of period	$ 151,455	$ 265,163
Supplemental disclosures of cash flow information:		
Cash disbursed during the year for:		
Interest, net of amount capitalized	$133,703	$256,105
Income taxes	29,500	101,710
Noncash investing and financing activities:		
Additions to property, plant and equipment under capital leases		13,936

The accompanying notes are an integral part of these statements.

DOLCO PACKAGING CORP.

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies:

Dolco's Reorganization

On July 29, 1991 the First Amended Consolidated Plan of Reorganization (the Plan) for Dolco Packaging Corp. ("Dolco" or the "Company") and Olson Industries, Inc. ("Olson") became effective. Among other things, the Plan called for the merger of Olson with and into Dolco and the substantive consolidation of the assets and liabilities of Dolco and Olson on the effective date. Upon the merger, Olson ceased to exist as a separate corporate entity. The financial statements presented herein for the first three months of 1991 do not reflect the effect of the Plan or the effect of the chapter 11 filing except for the reclassification of Dolco's pre-petition debt, accounts payable and accrued liabilities as liabilities deferred pursuant to chapter 11 filing. The settlement of pre-petition liabilities is summarized below.

Per the terms of the Plan, priority unsecured claims were paid on the effective date. The Plan of Reorganization called for the following treatment of all general unsecured claims: Allowed claims of $1,000 or less were paid in full on the effective date; Allowed claims greater than $1,000 but less than $10,000 were paid $1,000 in full and complete satisfaction of the claim unless the holder elected to be treated the same as holders of allowed claims greater than $10,000; Allowed claims greater than $10,000 were settled through the issuance of pro rata shares of Dolco Preferred Stock in satisfaction of $10 million of these claims plus Dolco Common Stock in the amount by which these claims exceed in the aggregate $10 million on the basis of one share of Dolco Common Stock for each $4.00 of such allowed claims. The interests of the existing Common Stock holders of Olson were satisfied through the issue of pro rata shares of Dolco Common Stock equal to 4% of the aggregate equity interests in reorganized Dolco.

Principles of Consolidation

The financial statements for the first three months of 1991 are consolidated and include the accounts of Olson Industries, Inc., Dolco Packaging Corp. and Dolco's 55% ownership in Precision Formed Plastics. All significant intercompany accounts and transactions were eliminated in consolidation. Dolco sold its interest in Precision Formed Plastics on July 29, 1991.

DOLCO PACKAGING CORP.

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies (Continued):

General

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. Nevertheless, the Company believes that the disclosures in these financial statements are adequate to make the information presented not misleading.

These condensed financial statements should be read in conjunction with the Company's financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, filed with the Securities and Exchange Commission.

Reclassification

Certain 1991 amounts were reclassified to conform to the 1992 presentation.

B. Inventories comprise the following:

	(UNAUDITED) 3/31/92	12/30/91
Finished goods	$2,085,992	$2,051,744
Raw materials	1,960,913	2,662,066
Work-in-process	1,172,257	1,137,176
	$5,219,162	$5,850,986

C. Commitments and Contingencies:

The Company is party to various legal proceedings incidental to its business. Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the Company. In the opinion of management, all such matters are adequately covered by insurance or if not so covered, are not reasonably probable of causing a material loss and therefore would not have a significant effect on the financial position or results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATION

Net sales of Dolco Packaging Corp. ("Dolco") decreased 8% during the first three months of 1992 as compared to the same period in 1991. The decrease is attributed to both a decrease in volume and a decrease in the average net selling price. The volume decrease is mainly due to business lost as a result of environmental misperceptions. The average net selling price decreased due to the removal of a price surcharge the Company put into effect October 1, 1990 as a result of the 1990 Middle East crisis. During the fourth quarter of 1990 and the first quarter of 1991, the price of resin increased sharply due to the Middle East conflict. Dolco removed the surcharge April 1, 1991.

The cost of resin decreased throughout 1991 due to increased production capabilities by producers of polystyrene resin. The average cost per pound of resin was 23% lower in the first quarter of 1992 as compared to the first quarter of 1991.

The gross profit on net sales was 20% for the first three months of 1992 and 14% for the first three months of 1991. The main cause for the increase in gross profit is the decrease in the average cost of resin. Also contributing to the increased gross profit is the closure of one of the Company's manufacturing facilities in May of 1991 which decreased overhead expenses.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased 19% in the first three months of 1992 as compared to the same period in 1991. The main causes of this increase are increases in selling and research and development expenses. Both of these increases are due to Dolco's effort to increase its product lines and customer base.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

PLANT CLOSING COSTS

As part of its reorganization, Dolco consolidated manufacturing operations in its four existing plants in Texas, Indiana, Georgia and Washington. Dolco has retained its sales, customer service, warehouse and distribution operations in Southern California. This consolidation decreased manufacturing overhead while retaining most of the California location's sales volume. The California plant was vacated on May 31, 1991. The costs incurred in the first three months of 1991 to cease operations and move equipment to the remaining facilities totalled approximately $556,000.

ENVIRONMENTAL REMEDIATION COSTS

In the latter part of 1990, Dolco initiated environmental work at each of its plants. Environmental remediation costs were $86,516 in the first three months of 1991. Remediation costs for work which will be completed during 1992 were estimated and accrued for in 1991. Dolco has initiated several policies and procedures regarding environmental matters and, therefore, does not expect to incur remediation costs of any magnitude in the future.

CHAPTER 11 PROFESSIONAL FEES AND COSTS

Chapter 11 related fees and costs of $189,540 were incurred during the first quarter of 1991. Since Dolco successfully emerged from chapter 11 proceedings on July 29, 1991 and settled all claims against it by December 31, 1991, there were no chapter 11 related fees or costs for the first quarter of 1992.

INTEREST EXPENSE

Interest expense decreased 31% for the first three months of 1992 as compared to the same period of 1991. This decrease is mainly attributable to lower interest rates paid and lower outstanding balances on borrowings with variable rates of interest, which borrowings constitute a majority of Dolco's total debt. The variable rates are generally tied to the prime rate of Dolco's bank.

Also contributing to the decrease in interest expense was the restructuring of a certain debt instrument to prime plus one-and-a-half percent from 11.5 percent which was effective January 1, 1992.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

LIQUIDITY AND CAPITAL RESOURCES

Dolco has a $4,000,000 line of credit from its bank that bears interest at the rate of prime plus 1%. At March 31, 1992 there was $50,000 borrowed on the line of credit and the usage ranged from $0 to $1,500,000 during 1991. The high point of $1,500,000 borrowed in 1991 was due to the settlement of chapter 11 liabilities. Dolco, therefore, has considerable borrowing capacity available.

Working capital as of March 31, 1992 was $3,643,393 as compared to $3,429,392 as of December 31, 1991. The ratio of current assets to current liabilities is 1.6:1.0 at March 31, 1992.

As part of its reorganization, Dolco has consolidated manufacturing operations in its four existing plants in Texas, Indiana, Georgia and Washington, while retaining its sales, customer service, warehouse and distribution operations in Southern California. The consolidation has decreased overhead expenses while retaining sales volume. The California plant was vacated on May 31, 1991.

Based on its five year forecast, Dolco plans to fund expected capital expenditures internally for the next several years and still maintain a cash balance.

DOLCO PACKAGING CORP.

PART II OTHER INFORMATION

NONE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DOLCO PACKAGING CORP.
(Registrant)

Date:

Larry E. Rembold
Chief Executive Officer

Date:

Sherri B. Cunningham
Chief Financial Officer